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ABSTRACT

The State Legalization Impact Assistance Grant (SLIAG) Program, administered by the Administration for Children and Families within the Department of Health and Human Services, provides grants to states to help them pay the costs of providing services to certain aliens legalized under the Immigration Reform and Control Act of 1986 (IRCA). An executive summary introduces the report and includes information on such aspects of the program as management and specific services funded. An overview of the SLIAG program, a profile of legalized aliens, and information on state and local costs by program area (education, public assistance, and health assistance) are provided. The report includes an extensive list of exhibits. In conclusion, the evidence indicates that, except in the area of adult education, SLIAG costs do not represent new service demands on state and local programs. SLIAG dollars provide states and localities with a temporary source of funds to cover costs they would have been incurring, regardless of IRCA. (KM)

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STATE LEGALIZATION IMPACT ASSISTANCE GRANT PROGRAM

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FY 1989 REPORT TO CONGRESS

DECEMBER 1991

DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES

FL 030674

BEST COPY AVAILABLE

ERRATUM

In Exhibit 2-8 on page 2-18, three States are depicted in incorrect categories. Connecticut should be depicted as having between 5,000 and 10,000 ELAs (purple); Maryland should be depicted as having between 10,000 and 50,000 ELAs (blue); and Minnesota should be depicted as having fewer than 5,000 ELAs (red). Figures for these States are correct throughout the rest of the report; only the color coding for this exhibit is in error. The data for Exhibit 2-8 were taken from population figures current as of May 1991.

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SECTION 1.0

EXECUTIVE SUMMARY

1.1 BACKGROUND

The State Legalization Impact Assistance Grant (SLIAG) Program, administered by the Administration for Children and Families within the Department of Health and Human Services, provides grants to States to help them pay the State and local costs of providing services to certain aliens legalized under the Immigration Reform and Control Act of 1986 (IRCA). Costs associated with three categories of aliens are allowable under SLIAG funding. Aliens who had been in the United States illegally since before 1982 ("Pre-'82s") and aliens who had worked in agriculture for specified amounts of time ("Special Agricultural Workers," or SAWs) are currently covered. If it is officially determined that a shortage of agricultural labor exists, a third category of eligible aliens, termed "Replenishment Agricultural Workers" (RAWs), will be implemented. IRCA defines these aliens collectively as Eligible Legalized Aliens (ELAs).

For five years beginning on the effective date of an individual's legalization, ELAs are barred from participating in programs of financial assistance furnished under Federal law on the basis of financial need. SLIAG funds may be applied to allowable State and local costs of serving aliens while they are under the Federal bar.

Under SLIAG, States[1] could apply for assistance in meeting the cost of public health services dating from the beginning of the IRCA alien registration period in FY 1987. Grant funds could be applied to the cost of public assistance and education services effective in FY 1988. Two new service areas - public information outreach to ELAs who are Temporary Residents and outreach to employers and the working public concerning IRCA's antidiscrimination provisions - were authorized in the Immigration Nursing Relief Act of 1989, effective in FY 1989. Administrative costs associated with grant administration are also allowable under the award.

The first ELAs were legalized in May of 1987 and will become ineligible for SLIAG in May of 1992. Except for a relatively small number of special cases, the last ELAs were legalized effective December 1988 and will become ineligible for SLIAG in December of 1993.

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[1]The term "State" means the 50 States, the District of Columbia, Puerto Rico, Guam and the Virgin Islands. This definition is established in the Immigration and Nationality Act and incorporated into IRCA by reference.

1.2 CHARACTERISTICS OF ELAS

When IRCA was passed, little was known about the size or nature of the eligible alien population. The facts to date suggest that this population is both larger and more self-supporting than was expected.

Approximately 3 million individuals applied for lawful resident status under IRCA: 1.7 million as Pre-'82s, and 1.3 million as SAWs. ELAs are concentrated in ten States - California, Texas, Florida, Illinois, New York, Arizona, New Jersey, Washington, Oregon and New Mexico. These States together have about 2.7 million ELAs, and California alone has 1.5 million.

ELAs are predominantly of working age: 80 percent of the Pre-'82s and 92 percent of the SAWs are between the ages of 15 and 44. There are relatively few children and elderly. ELAs in general, and SAWs especially, are disproportionately single and male.

According to a California study, the "average" legalized alien is employed full time in a manufacturing or service position, and lives in a household whose income, though modest, is above the poverty level. He or she is in good health and unlikely to have lost time from work due to illness or injury. One-third have employer-provided health insurance; most pay for their own health care.

The majority of Pre-'82s and SAWs (74.7 percent) were born in Mexico. Central America (9.4 percent) and the Caribbean (4.1 percent) also contribute significantly to both groups. Other countries of origin for Pre-'82s include the Philippines (1.1 percent), Poland (1.0 percent), and Iran (0.8 percent); for SAWs, India (1.4 percent) and Pakistan (1.3 percent).

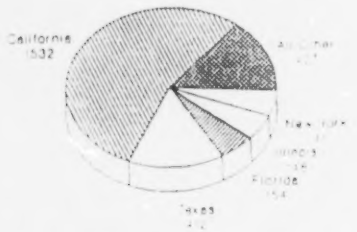
1.3 PROGRAM FUNDING

IRCA appropriated funds for the SLIAG program for fiscal years 1988 through 1991. The level of funding was initially set at $1 billion minus an amount termed the "Federal offset" for each of the four years. The Federal offset amount represents the cost of providing certain Federally funded services to this alien population. The cost of Federal program administration was then to be deducted from the appropriated amount, and the remaining funds allocated to the States according to a formula that takes into account the number and concentration of ELAs in the State and the cumulative total of SLIAG costs in the State.

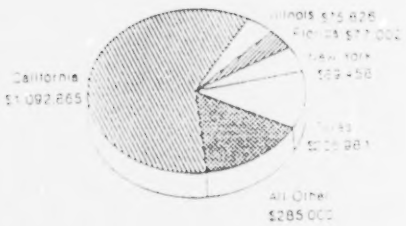
For FY 1988 and FY 1989, measures of actual costs were not available; approved State estimates of costs were used in the allocation formula. Exhibit 1-1 shows the distribution of ELAs, grant funds awarded, and costs reported through FY 1989.

Exhibit 1-1
DISTRIBUTION OF ELAs, GRANT FUNDS, AND COSTS THROUGH FY 1989 (in thousands)

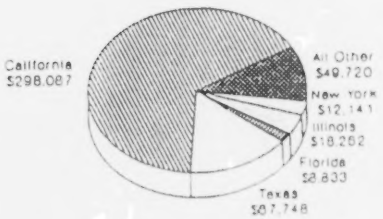
Number of ELAs, FY 1989



SLIAG Funds Awarded Through FY 1989



FY 1988 and 1989 Costs Reported, Through August 1990



Funds may be drawn from any annual grant to reimburse costs incurred during that fiscal year or any subsequent fiscal year. Congress expected that States would not use all the funds available to them in the early years of the program, and would use the unspent amounts to cover the costs of the later years.

Late in FY 1990, it became evident that costs for the early years would fall well below allocated amounts. Although a total of $1.827 billion had been awarded to States in FY 1988 and FY 1989, $454.8 million in costs had been reported. Anticipating that considerable funds would remain from the FY 1988 and FY 1989 allocations to cover FY 1990 costs, Congress reduced the amount to be allocated for FY 1990 by $555.2 million, to be reserved for future years if needed. The FY 1990 amount available to States was $300.9 million. Exhibit 1-2 shows the allotment of funds to States for fiscal years 1988, 1989 and 1990.

1.4 PROGRAM MANAGEMENT

The SLIAG program allows costs for a variety of assistance programs that typically are housed in different departments of State government. For two major program areas - education and public assistance - SLIAG requires that ELA status be documented for every client whose costs are reported. The set-up time required to implement the program was considerable, and cost reporting lagged initially.

HHS has provided training, extensive written guidance, and technical assistance to States in the form of regional and national workshops since early FY 1988. Beginning in FY 1989, technical assistance has been delivered directly to State staffs through site visits. In addition, HHS developed the Cost Documentation System (CDS), which involves a computer match of alien numbers or Social Security numbers provided by a State with INS files. The system reports the aggregate number of ELAs served and the total cost associated with them without recording or providing information at the level of the individual. Over half the States have used this system to identify SLIAG costs for programs in which identification of ELAs at the time of service was not feasible. The CDS system became fully operational in June of 1989.

Most States reported few costs for FY 1988 and FY 1989 until the summer and fall of 1990. By that time, CDS results were available and State-designed cost reporting systems were in place. HHS expects that the cost reporting and the drawdown of funds for FY 1988 and FY 1989, which remained somewhat behind at the time of this report, will be substantially complete within the next few months.

Exhibit 1-3 shows the cumulative amount of SLIAG funds awarded to States and cumulative amounts drawn down through the end of FY 1990.

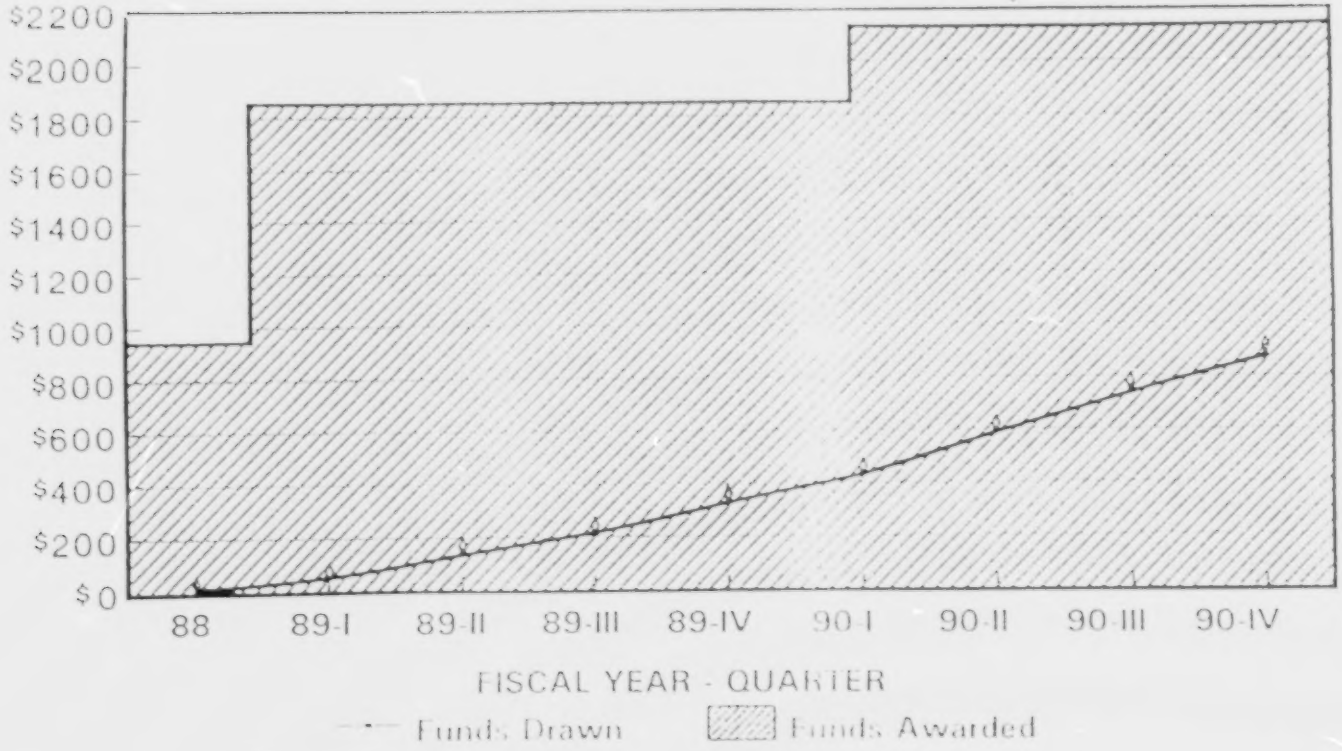
EXHIBIT 1-2

SLIAG ALLOTMENTS, FY 1988-1990

STATES	FINAL 1988 ALLOTMENT	PERCENT OF TOTAL	FINAL 1989 ALLOTMENT	PERCENT OF TOTAL	FINAL 1990 ALLOTMENT	PERCENT OF TOTAL	ALLOTMENTS TO DATE	PERCENT OF TOTAL
Alabama	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Alaska	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Arizona	$18,286,215	1.97%	$20,779,799	2.31%	$0	0.00%	$39,066,014	1.84%
Arkansas	$304,119	0.03%	$688,593	0.08%	$31,917	0.01%	$1,024,629	0.05%
California	$570,408,016	61.43%	$522,456,754	58.15%	$185,436,110	61.62%	$1,278,300,880	60.07%
Colorado	$6,393,299	0.69%	$7,515,680	0.84%	$0	0.00%	$13,908,979	0.65%
Connecticut	$1,141,629	0.12%	$600,309	0.07%	$506,352	0.17%	$2,248,290	0.11%
Delaware	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Dist. of Columb.	$2,300,081	0.25%	$2,290,968	0.25%	$381,301	0.13%	$4,972,350	0.23%
Florida	$73,341,086	7.90%	$69,671,262	7.75%	$0	0.00%	$143,012,348	6.72%
Georgia	$3,315,344	0.36%	$6,132,802	0.68%	$1,432,084	0.48%	$10,880,230	0.51%
Guam	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Hawaii	$698,141	0.08%	$549,696	0.06%	$0	0.00%	$1,247,837	0.06%
Idaho	$2,741,079	0.30%	$2,930,717	0.33%	$0	0.00%	$5,671,796	0.27%
Illinois	$32,470,320	3.50%	$43,356,753	4.83%	$5,118,992	1.70%	$80,946,065	3.80%
Indiana	$477,206	0.05%	$725,437	0.08%	$401,811	0.13%	$1,604,454	0.08%
Iowa	$283,626	0.03%	$301,006	0.03%	$168,859	0.06%	$753,491	0.04%
Kansas	$1,247,960	0.13%	$1,312,898	0.15%	$719,287	0.24%	$3,279,132	0.15%
Kentucky	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Louisiana	$804,604	0.09%	$583,017	0.06%	$152,775	0.05%	$1,540,396	0.07%
Maine	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Maryland	$2,608,991	0.28%	$1,489,401	0.17%	$993,983	0.33%	$5,092,375	0.24%
Massachusetts	$5,450,683	0.59%	$4,962,902	0.55%	$1,233,550	0.41%	$11,647,135	0.55%
Michigan	$1,074,082	0.12%	$1,629,122	0.18%	$194,079	0.06%	$2,897,283	0.14%
Minnesota	$491,293	0.05%	$424,273	0.05%	$1,083,221	0.36%	$1,998,787	0.09%
Mississippi	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Missouri	$644,538	0.07%	$644,918	0.07%	$0	0.00%	$1,289,456	0.06%
Montana	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Nebraska	$414,480	0.04%	$376,944	0.04%	$184,556	0.06%	$975,980	0.05%
Nevada	$3,751,016	0.40%	$4,698,031	0.52%	$156,437	0.05%	$8,605,484	0.40%
New Hampshire	$65,232	0.01%	$127,597	0.01%	$47,291	0.02%	$240,120	0.01%
New Jersey	$6,827,372	0.74%	$8,243,441	0.92%	$1,485,993	0.49%	$16,556,806	0.78%
New Mexico	$9,459,277	1.02%	$7,557,796	0.84%	$0	0.00%	$17,017,073	0.80%
New York	$41,908,998	4.51%	$47,577,243	5.30%	$51,612,020	17.15%	$141,098,261	6.63%
North Carolina	$2,192,094	0.24%	$3,501,725	0.39%	$1,759,411	0.58%	$7,453,230	0.35%
North Dakota	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Ohio	$606,308	0.07%	$688,280	0.08%	$0	0.00%	$1,294,588	0.06%
Oklahoma	$3,371,333	0.36%	$3,563,460	0.40%	$0	0.00%	$6,934,793	0.33%
Oregon	$7,529,887	0.81%	$6,677,232	0.74%	$1,705,356	0.57%	$15,912,475	0.75%
Pennsylvania	$1,812,200	0.20%	$2,035,635	0.23%	$354,583	0.12%	$4,202,418	0.20%
Puerto Rico	$1,112,712	0.12%	$1,783,799	0.20%	$307,790	0.10%	$3,204,301	0.15%
Rhode Island	$1,411,597	0.15%	$564,671	0.06%	$23,581	0.01%	$1,999,849	0.09%
South Carolina	$443,176	0.05%	$819,753	0.09%	$202,176	0.07%	$1,465,105	0.07%
South Dakota	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Tennessee	$624,140	0.07%	$599,147	0.07%	$0	0.00%	$1,223,287	0.06%
Texas	$102,758,454	11.07%	$104,223,456	11.60%	$44,112,144	14.66%	$251,094,054	11.80%
Utah	$1,821,650	0.20%	$1,318,844	0.15%	$417,749	0.14%	$3,558,243	0.17%
Vermont	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Virgin Islands	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Virginia	$4,178,360	0.45%	$5,194,736	0.58%	$0	0.00%	$9,373,096	0.44%
Washington	$11,895,918	1.28%	$7,927,322	0.88%	$494,371	0.16%	$20,317,611	0.95%
West Virginia	$88,313	0.01%	$86,086	0.01%	$0	0.00%	$174,399	0.01%
Wisconsin	$1,012,434	0.11%	$1,428,547	0.16%	$224,205	0.07%	$2,665,186	0.13%
Wyoming	$732,737	0.08%	$360,758	0.04%	$0	0.00%	$1,093,495	0.05%
TOTALS	$928,500,000	100.00%	$898,500,000	100.00%	$300,941,784	100.00%	$2,127,941,784	100.00%

Exhibit 1-3
FUNDS AWARDED AND FUNDS DRAWN DOWN

(cumulative in millions)



1.5 STATE PARTICIPATION IN SLIAG

Immigration and Naturalization Service data indicate that at least a few ELAs reside in each State. Forty-two States (including the District of Columbia and Puerto Rico) have participated in the SLIAG program. SLIAG funds and the costs associated with serving ELAs vary greatly from State to State, and reflect differences in the size of the alien population.

- Of the 28 States that each contain 5,000 or fewer ELAs, 12 do not participate in SLIAG. SLIAG funds awarded for the 16 participating States in this group for FY 1988 and FY 1989 average $1.12 million, and costs through August 1990 averaged $250,000 per State. Many States in this group do not offer the full range of SLIAG-allowable programs.

- Awards to the 8 States that contain 5,000 - 10,000 ELAs have averaged $3.4 million through FY 1989, and costs averaged $939,281 per State.

- Twelve States have ELA populations of 10,000 to 50,000; in two of these (New Mexico and Nevada), ELAs constitute more than 1 percent of the State population. Awards to this group totaled $134.4 million through FY 1989 averaging $11.2 million per State; costs through August 1990 totaled $34.0 million, which averages $2.8 million per State.

- Arizona, Florida, Illinois, New York and Texas have both large numbers and high concentrations of ELAs. The combined allocation to these States through FY 1989 was $554.2 million, and combined costs at the time of this report equaled $111.1 million.

- With 1.5 million ELAs, California is in a class by itself. It received $1.1 billion - 60 percent of all funds awarded - through FY 1989, and accounted for a slightly larger fraction of the reported costs.

1.6 SERVICES FUNDED

States' SLIAG funds to date have been used primarily to pay the costs of adult education programs and medical services to ELAs. Cash assistance, general assistance, and housing assistance account for just over two percent of the $454.8 million in costs reported as of August 1990.

The cost of education services reflects the IRCA requirement that every adult ELA seeking lawful status under section 245A (Pre-'82s) demonstrate knowledge of English and of the history and government of the United States in order to progress from temporary to permanent resident status. Although this requirement might be fulfilled in a variety of ways, most ELAs chose to meet it by satisfactorily completing 40 hours of a 60-hour, INS-approved course of study. To meet this short-term demand, adult education systems in areas with large numbers of ELAs had to expand rapidly. Costs through FY 1989 were over $25,000 in all but nine participating SLIAG States, and were $1 million or more for each of the large SLIAG States. Dividing the total cost by the number of ELAs residing in the State produced State per capita costs ranging from $1 to $153.

Cumulative public assistance costs per ELA ranged from $1 to $306 among participating States. Medical assistance costs dwarf all other costs in this program area, and represent 93 percent of SLIAG public assistance costs. Medicaid claims from 19 States (State share only) amounted to $22.5 million, other medical assistance programs equalled $131.7 million, and mental health and substance abuse programs, $8.2 million. General assistance, housing assistance, and assistance to special-needs populations together accounted for only $10.6 million.

Public health assistance program costs ranged from $1 to $115 per ELA for programs that address contagious diseases, screening and prevention, family planning and prenatal care, and general health hazards and health system support. Medical services to individuals accounted for 80 percent of the total.

Except in the area of adult education, SLIAG costs do not represent new service demands on State and local programs. SLIAG dollars provide States and localities with a temporary source of funds to cover costs they would have been incurring, regardless of IRCA.

SECTION 2.0

OVERVIEW OF THE STATE LEGALIZATION IMPACT ASSISTANCE GRANT (SLIAG) PROGRAM

2.1 ALIEN LEGALIZATION UNDER IRCA

The State Legalization Impact Assistance Grant Program was authorized by Public Law 99-603, the Immigration Reform and Control Act of 1986 (IRCA), which amended the Immigration and Nationality Act (INA). The program is administered by the Administration for Children and Families within the Department of Health and Human Services. Designed to control illegal immigration, IRCA provided for aliens in five specific categories to become legal permanent residents of the United States.

Aliens in two of these categories (Cuban or Haitian entrants meeting certain requirements[1] and those who entered the U.S. and had been residing in the U.S. since before January 1, 1972) would become legal permanent residents immediately upon approval of their application.

Qualifying aliens in the three remaining categories created by IRCA were required to complete a period as legal temporary residents prior to becoming eligible to apply for permanent residency. These categories and the section of the INA applicable to each are:

- Section 245A: "Pre-'82s" - Aliens from any nation who resided in the U.S. illegally before January 1, 1982, and nationals of Poland, Ethiopia, Afghanistan and Uganda who were in the U.S. illegally prior to July 21, 1984;[2]

- Section 210: "Special Agricultural Workers" (SAWS) - Aliens who had entered the U.S. illegally and worked in U.S. agriculture for 90 days during the year ending May 1, 1986 or in each of the three preceding years; and

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[1]To adjust under IRCA section 202, a Cuban or Haitian must have established a record with the Immigration and Naturalization Service before January 1, 1982; a Cuban or Haitian who was admitted as a nonimmigrant is not eligible unless he or she had filed an application for asylum before January 1, 1982. Section 203 of IRCA updated the "registry date" in section 249 of the INA from June 30, 1948 to January 1, 1972. Aliens who have been residing in the United States since before the registry date thereby qualify for immediate permanent resident status.

[2]The provision governing these four national groups, commonly referred to as Extended Voluntary Departure (EVD) aliens, is contained in Section 902 of the Department of State Appropriations Bill, Public Law 100-204.

- Section 210A: "Replenishment Agricultural Workers" (RAWS) - A category to be created only if the Secretaries of Labor and Agriculture determine that there is a shortage of agricultural labor; to date, no such shortage has been determined.[3]

Aliens in every category had to meet the general requirements for admission as immigrants, including the requirement that the alien be free of prior criminal convictions and not be likely to become a "public charge." Thus, IRCA aliens were generally expected to be self-supporting as well as law-abiding.

IRCA established timelines and requirements for applying for temporary resident status and for progressing from temporary to permanent resident status for Pre-'82s and SAWs, which were implemented through a series of INS regulations.[4] The Pre-'82s, but not the SAWs, were required to demonstrate at least a minimal knowledge of English and of the history and government of the United States in order to be approved for permanent residency. The application period and adjustment requirements for each group are shown in summary in Exhibit 2-1.

2.2 THE FEDERAL BAR AND THE SLIAG PROGRAM

IRCA generally barred aliens legalized under sections 245A and 210A - Pre-'82s, and RAWs - from participation in programs of financial assistance furnished under Federal law on the basis of financial need, for a period of five years from the effective date of each alien's lawful temporary resident status.[5] Programs covered by the bar include Medicaid, Food Stamps, and Aid to Families with Dependent Children (AFDC), and all other programs designated by the Attorney General as "programs of financial

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[3]In the Federal Register of January 2, 1990, the Secretaries announced a finding of no shortage for FY 1990 (55 FR 39). The process through which the shortage number is determined was spelled out on the same date at 55 FR 106-123.

[4]The final rule governing applications for temporary residency for Pre-'82s and SAWs appeared on May 1, 1987 (52 FR 16190); a further final rule clarifying certain provisions appeared June 22, 1988 (53 FR 23382). The final rule regarding nationals of Poland, etc., appeared February 13, 1989 (54 FR 6504). Rules respecting adjustment to permanent residency for Pre-'82s appeared in final form on July 12, 1989 (54 FR 29442); for SAWs, on December 6, 1989 (54 FR 50339).

[5]Aliens legalized under section 210 (SAWs) are barred from AFDC just as other legalized aliens are.

EXHIBIT 2-1
APPLICATION TIMETABLES AND REQUIREMENTS

SECTION NUMBER AND ALIENS COVERED	TEMPORARY RESIDENCY APPLICATION PERIOD	REQUIREMENTS FOR PERMANENT RESIDENT STATUS	PERMANENT RESIDENCY APPLICATION TIMELINE
Section 245A (Pre-'82s)			
Aliens who resided in the U.S. illegally before January 1, 1982, continued to reside here, and are admissible as immigrants.	May 5, 1987 - May 4, 1988	Admissible as an immigrant; resided continuously in the U.S. while a Temporary Resident; understand or be satisfactorily pursuing the study of English and of U.S. history and government; complete processing requirements for card (see below).	Alien must apply within 30 months of the date on which Temporary Resident status was approved.
Nationals of Poland, Ethiopia, Afghanistan, Uganda in U.S. before July 21, 1984, admissible as immigrants.	Mar. 21, 1988 - Dec. 22, 1989	Same as above.	Same as above.
Section 210 (SAWs)			
Group 1 - Aliens, not excludable as immigrants, who worked in agriculture 90 days and resided in U.S. six months in each of the years ending May 1, 1984, 1985, 1986.	June 1, 1987 - Nov. 30, 1988	Complete processing requirements: appear at INS office, fill out application form, present photo and identification, get fingerprinted, sign card.	New status becomes effective 12/1/89, or such later date that is one year after the date the alien was granted temporary resident status.
Group 2 - Aliens, not excludable as immigrants, who worked 90 days in U.S. agriculture during the year ending May 1, 1986.	Same as Group 1.	Same as Group 1.	New status becomes effective 12/1/90, or such later date that is two years after the date the alien was granted temporary resident status.

assistance."[6] Exceptions to this bar permit specified IRCA aliens to participate in some programs. Aliens legalized under section 210 (SAWs) may receive Food Stamps, but Pre-'82s and RAWs may not.[7] Cuban/Haitian entrants, and aged, blind or disabled aliens legalized under any of these three sections receive full Medicaid benefits. All three groups of aliens can receive emergency Medicaid services and supplemental security income (SSI) assistance. The exceptions to the bar that apply to each category of alien are summarized in Exhibit 2-2.

State and local officials, particularly those in areas with a high concentration of aliens who could be expected to be granted status as Pre-'82s or SAWs, were concerned that IRCA might increase local service costs. The requirement that Pre-'82 aliens learn English and civics was thought likely to increase the demand for adult education. Aliens were considered likely to have lacked basic health care, and thus to need immunization, health education and screening services; previously undetected contagious diseases among members of this population would need treatment. Although the newly legalized were expected to be basically self-supporting, many were expected to be in jobs that did not offer steady employment or health benefits, and thus to need short-term assistance from time to time as do other low-income citizens. Legalized aliens barred from Federal assistance, it was anticipated, would seek State or local services.

The SLIAG grant program was incorporated in IRCA (at Section 204) to help mitigate the State and local costs of providing basic assistance to the categories of aliens affected by the Federal bar, for the period of the bar. Its basic features are as follows:

- Grant recipients. The 50 States, the District of Columbia, Puerto Rico, Guam and the Virgin Islands of the U.S. are eligible to receive SLIAG grants. Both State costs and the local government costs of allowable programs are reimbursable under the grant.

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[6]The Attorney General's list, published on July 12, 1989 (54 FR 29434) with minor amendments on December 4, 1989 (54 FR 49963), includes farm loans; maintenance and energy assistance payments administered by the Department of Health and Human Services; mortgage insurance and block grant programs under the Department of Housing and Urban Development; the Senior Community Service Program of the Department of Labor; federal employment and fellowship programs for disadvantaged youth; and payments to the Legal Services Corporation.

[7]Aged, blind or disabled Pre-'82 aliens are eligible for Food Stamps once they become permanent residents.

EXHIBIT 2-2
ACCESSIBILITY TO CERTAIN FEDERAL PROGRAMS BY CATEGORIES OF ALIENS AFFECTED BY THE IMMIGRATION REFORM AND CONTROL ACT OF 1986 (P.L. 99-603)[1]

ACCESSIBILITY TO PUBLIC ASSISTANCE PROGRAMS	SECTION 245A "PRE-1982's"	SECTION 210 SPECIAL AGRICULTURAL WORKERS (SAWs)	SECTION 210A REPLENISHMENT AGRICULTURAL WORKERS (RAWs)	SECTION 202 CUBAN/ HAITIAN ENTRANTS	SECTION 249 PRE-1972 ENTRANTS
1. AFDC	No	No	No	Yes	Yes
2. Medicaid	No	Yes[2]	No	Yes	Yes
Exceptions to General Medicaid Bar					
a. Full Benefits	Limited to 245As who are Cuban/ Haitian entrants, or aged, blind, or disabled, or children under age 18	Available except to SAWs who would be AFDC eligible[3]	Limited to 210A aliens who are Cuban/Haitian entrants, or aged, blind, or disabled or children under age 18	N/A	N/A
b. Restricted Benefits		See Footnote 3	Available to all 210A Aliens	N/A	N/A
• Emergency Services	Available to all 245A Aliens	See Footnote 3	Available to all 210A Aliens		
• Service for Pregnant Women	Available to all 245A Aliens	See Footnote 3	Available to all 210A Aliens		
3. Programs of Financial Assistance Based on Need[4]	No	Yes	No	Yes	Yes
4. Food Stamps	No[5]	Yes	No	Yes	Yes
5. Supplemental Security Income	Yes	Yes	Yes	Yes	Yes
6. Territorial Assistance Programs (Titles I, X, XIV, and XVII)	Yes	Yes	Yes	Yes	Yes

[1] Aliens under these categories are temporarily barred for five years from program participation except where otherwise provided. With certain exceptions, the bar is applicable even if the alien is subsequently adjusted to permanent resident status during the five year period.

[2] Exception: Special Agricultural Workers (SAWs) who would be eligible for AFDC are disqualified from receiving full Medicaid benefits.

[3] Restricted Medicaid benefits are available to SAWs who would be eligible for AFDC. Aliens who are Cuban/Haitian entrants (status pending), aged, blind, or disabled individuals under Title XVI of the Social Security Act, or aliens who are under 18 years of age are potentially eligible for full Medicaid benefits.

[4] These programs have been designated by the Attorney General pursuant to section 245A(h)(l)(A)(i). See next page.

[5] Aged, blind, or disabled individuals whose status is adjusted under section 245A can access the program once adjusted to permanent resident status.

- Basis for State awards. The SLIAG program allots funds to States based on a formula that takes into account the number and concentration of IRCA aliens in the State and the costs of serving such aliens. States must apply for funds each year, identifying allowable programs and estimating the cost of each. Actual costs by program are reported at year's end and form the basis for drawing funds from the grant. The allocation formula is cumulatively based: each year's allotment takes into account the amounts awarded to the State in prior years, costs to date as measured by estimated costs for the coming year and the current year, and actual costs for prior years (see Exhibit 2-3).

- Duration. The program made its first grant awards in Fiscal Year 1988, but permitted States to apply for the reimbursement of administrative and public health costs incurred during the five months of FY 1987 that fell within the temporary resident application period. Funds were appropriated for FY 1988 through FY 1991, but remain available for expenditure through FY 1994.

- Level of funding. IRCA appropriated a yearly amount of $1 billion, less the Federal offset, for FY 1988 through FY 1991 to cover awards to States and the Federal cost of administering the grant program. For FY 1990 and beyond, appropriated amounts have been adjusted as discussed in Section 2.5 of this report.

- Allowable programs. IRCA and the implementing SLIAG regulation[8] established three broad program areas - public assistance, public health assistance, and education - and provided for the expenses of administering the grant (SLIAG administration) to be covered. The Immigration Nursing Relief Act of 1989 authorized two additional programs: outreach to inform temporary residents of the requirements for permanent residency and of the services for which they are eligible, and antidiscrimination programs to inform employers, employees and job applicants generally of the documents and procedures that are acceptable in determining an applicant's legal status for employment purposes.

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[8] 45 CFR Part 402.

Exhibit 2-3
DATA SOURCES FOR ALLOCATION FORMULA
SOURCE OF COST DATA FOR FY:

For Allocation	1988	1989	1990	1991
Initial '88	Federal Estimates			
Final '88	1989 Application Estimates			
1989	1989 Application Estimates	1989 Application Estimates		
1990	1988 End-of-Year Report Actual Costs	1989 Application Estimates	1990 Application Estimates	
1991	1988 End-of-Year Report Actual Costs	1989 End-of Year Report Actual Costs	1990 End-of-Year Report Actual Costs	1991 Application Estimates

- Aliens covered. SLIAG reimburses the cost of services to Pre-'82s, SAWs, and (if this category is activated) RAWs. IRCA defines these aliens collectively as eligible legalized aliens, or ELAs. Coverage differs from program to program, as summarized in Exhibit 2-4. The most significant difference is that costs of serving aliens who have applied for, but not yet received, temporary resident status are allowable for public health assistance but not for public assistance or education programs.

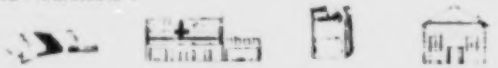
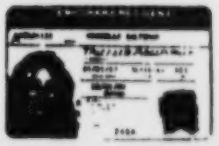
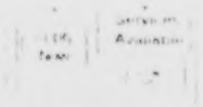
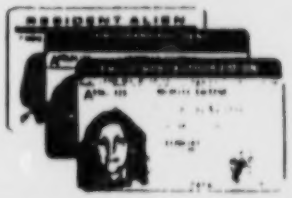
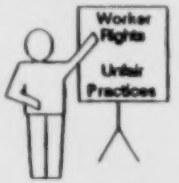
- Cost categories. SLIAG pays the cost of the service to ELAs (program cost), the ELAs' proportional share of the normal cost of administering the service program (program administrative cost), and the cost of meeting the requirements of the grant award (SLIAG administrative cost).

- Reporting requirements. Costs incurred by States and local governments to provide allowable services are reported at the close of each fiscal year. For public assistance and education services, States must document the actual numbers of eligible aliens served and the costs of serving these individuals (net of program income and of Federal funds). Public health assistance programs may document the specific ELAs served, or may multiply the net cost of the program times the ratio of ELAs to all clients in the service population of the program. Costs for grant administration, outreach, and anti-discrimination are established through standard accounting and cost allocation procedures.

2.3 EXPERIENCE WITH THE SLIAG PROGRAM TO FY 1989

Implementing IRCA required set-up time, both within the Federal government and within participating States. The task of adequately defining allowable services and cost documentation requirements in the three main program areas, and of ensuring consistency with education statutes referenced in IRCA, proved complex. The Department of Health and Human Service's (HHS's) proposed regulation, published in August of 1987, attracted numerous comments and was extensively revised; the final regulation appeared in the Federal Register of March 10, 1988 (53 FR 7832). INS regulations specifying the requirements for courses through which Pre-'82 aliens could fulfill the English language and citizenship education requirement for permanent residency did not become final until July 12, 1989 (54 FR 29442).

Exhibit 2-4
SLIAG SERVICES AND ELIGIBLE CLIENTS

ALIENS SERVED	TYPE OF SERVICE	REQUIREMENTS
Eligible Legalized Aliens (ELAs) o Temporary or Permanent Residents 	Education K-12 Adult	o Students who have more than 3 years of U.S. study do not qualify. o For K-12: 500 students (3% of district children) must qualify. o Adult services must be allowable under the Adult Education Act.
	Public Assistance  Cash Medical Food Shelter	o Programs must serve the general population, based on individual financial need.
o Temporary Residents Only 		o Programs provide information only, not legal representation.
o ELAs and applicants for legalization 	Public Health Assistance Screening, Prevention; Prenatal, Family Planning; Contagious Disease, Immunization; Health Hazards	o Programs must serve and protect the health of the general population.
o Employers, workers, job applicants generally	Anti-Discrimination  Worker Rights Unfair Practices	o Office of Special Counsel must be consulted before activities begin. o Legal representation of individuals is not allowable.

Although some States anticipated the requirements and moved ahead with program implementation, others felt it prudent to wait until the final requirements were known. Because SLIAG implementation typically involves at least two departments of State government (the grant administering agency, which is usually in the human services area, and the State education agency), States had to prepare inter-agency funding agreements, as well as agreements between participating program agencies and public and private service providers. The task of documenting actual costs of service to ELAs in SLIAG public assistance and education programs also required set-up time. States may document costs by asking clients who have applied for or been granted legal status as Pre-'82s or SAWs to identify themselves and show the INS document that is evidence of their status. However, many programs are not set up to do this or do not wish to alter existing client intake procedures, out of concern that requesting identification documents might deter clients from seeking service. Other programs tried to identify clients as they came in, but found that they were unable to do so with sufficient accuracy: for example, to distinguish appropriately between aliens who had been granted status and those whose applications were still pending. (Many SLIAG-related programs operate through multiple sites, whose intake staff are unfamiliar with INS documents.) Even programs that succeeded in setting up reliable systems to document current costs faced the problem of how to document costs for services provided prior to the inauguration of the new system.

In the first year of the program, HHS provided States with several kinds of technical assistance. National and regional workshops were held to explain the various ways in which costs could be estimated and documented. Working with INS data processing staff, HHS prepared tables showing the number of ELAs in each State by month, and provided data about demographic characteristics of the ELA population at the State, county, and ZIP code level, for State use in estimating costs and in calculating population ratios for public health programs. Taking note of the fact that many State programs do not collect alien identification information from clients, or were not set up to do so until after the effective date of the SLIAG program, HHS (with advice from a number of State representatives) developed the Cost Documentation System, a computer matching system described more fully below.

Many States, although they were delivering services to ELAs, found that they were unable to implement cost documentation mechanisms in some programs until FY 1989. Exhibit 2-5 shows the number of States that applied for funding in each fiscal year for which costs can be reported, and the number actually reporting costs for each program area to date.

EXHIBIT 2-5

NUMBER OF STATES PARTICIPATING IN SLIAG

States that:	FY 88	FY 89	FY 90
Applied for funds	42	43*	41**
Reported costs for:			
Public Health	34	33	
Public Assistance	26	36	
K-12 Education	4	4	
Adult Education	16	35	
SLIAG Administration	40	40	
Outreach	N/A	6	
Antidiscrimination	N/A	N/A	

NOTES: *Kentucky applied, but later withdrew for FY 1989.
**West Virginia did not participate in FY 1990.

2.4 DEVELOPMENTS IN FY 1989

FY 1989 brought a number of significant developments for the SLIAG program. By the beginning of the year, the registration period for Pre-'82s had ended; by the end of the year, the majority of cases had been adjudicated. The period of temporary resident status for the aliens who successfully applied for legalization early in the registration period would expire early in FY 1990. Enrollment in adult SLIAG adult education programs peaked as these aliens, and registrants from later months who wanted to be sure that they could complete the educational requirements for permanent residency on time, enrolled in English and citizenship classes. Adjudication backlogs remained for the SAW population, however, which created difficulties in States with high proportions of SAWs.

The inauguration of the HHS-sponsored Cost Documentation System (CDS) constituted a second important development. CDS is an automated system developed specifically to assist States participating in SLIAG, that matches alien identification numbers or social security numbers from program records against INS data. To use CDS, a State submits an electronic data file for a program

containing the client alien number or SSN, the date of service, and the cost of service. In order to preserve confidentiality, the CDS does not report individual matches; rather, it reports the total number of cases that matched and the total cost associated with them. CDS distinguishes ELAs by the section number under which they registered, and reports the total number of matches of "pending" cases separately from the total number of matches of individuals who have been granted status.

CDS became operational in June 1989. States took some time to execute agreements with the General Services Administration or with Martin Marietta Corporation, the data services contractor. Time was also required for States to convert program data into a format readable by CDS. HHS provided guidance on both contracting and data preparation. Only a few CDS-based costs were ready to be reported by December, when end-of-year reports for FY 1989 and revised reports for FY 1988 were submitted. However, CDS is now widely used. Twenty-seven States document costs through this method.

A third significant development during FY 1989 concerned the basis for the cost estimates contained in State applications. When States prepared their applications for FY 1988 and their initial estimates for FY 1989, no empirical data on ELA participation rates and associated service costs were available. HHS therefore accepted estimates based on programs' empirical data on the general service population. By the fall of FY 1989, when estimates of FY 1990 costs and updated estimates of FY 1989 costs were due, HHS expected States to have actual ELA participation and cost data from at least part of the year, and to base their estimates on those empirical data.[9] As indicated in Exhibit 2-6, this produced a substantial reduction in estimates for public assistance and education programs and for administrative costs.

Finally, SLIAG was affected by a legislative change. The Immigrant Nursing Relief Act of 1989 (Public Law 101-238) authorized the use of SLIAG funds to support outreach and education activities designed to inform ELAs still in temporary resident status of what they must do to apply for permanent residency, and to notify them of health, employment and social services for which they are eligible. While this legislation was not passed until FY 1989 had ended, it allows States who can document that they expended their own funds for allowable temporary resident outreach during that fiscal year to report these as SLIAG costs. To date, 16 States have added temporary resident education and outreach programs to their SLIAG

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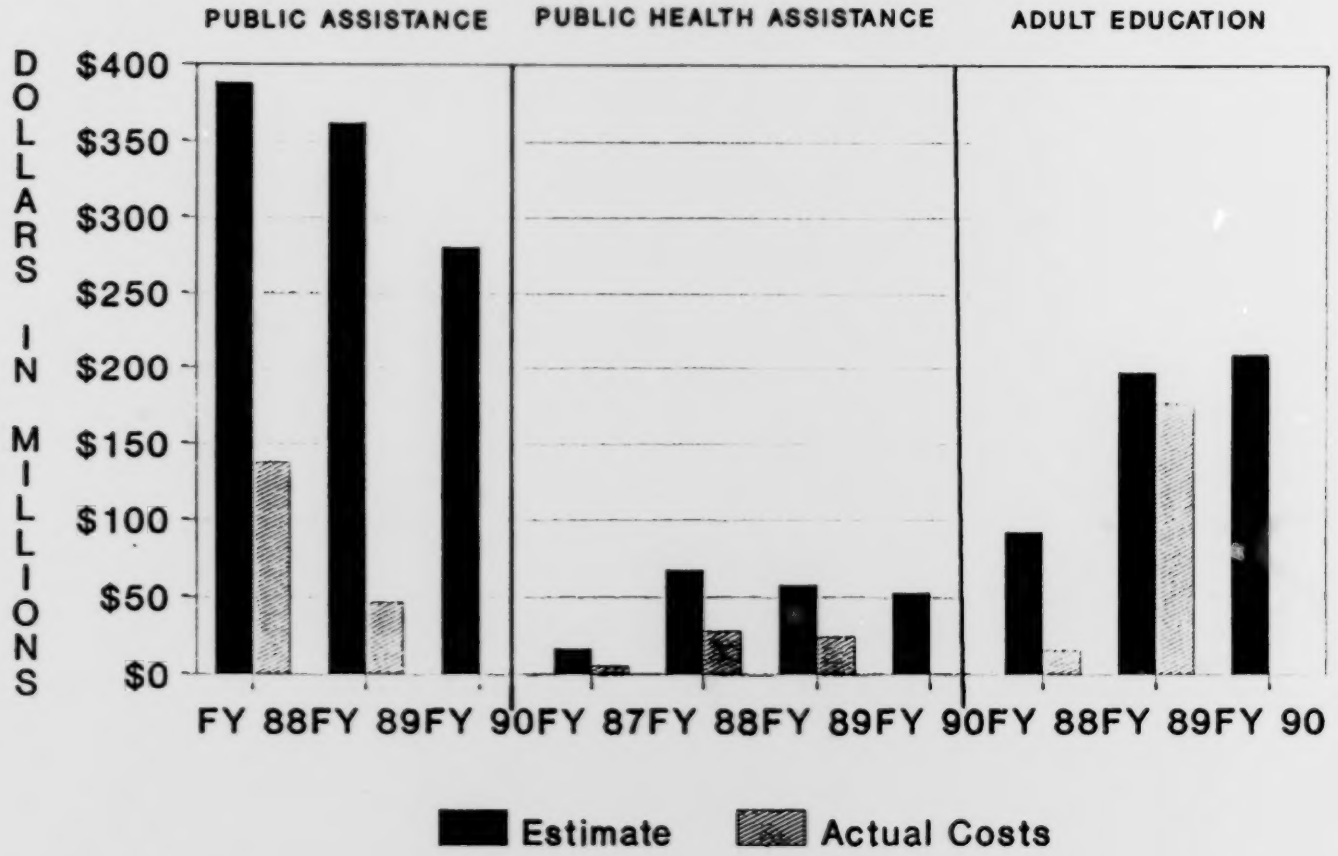
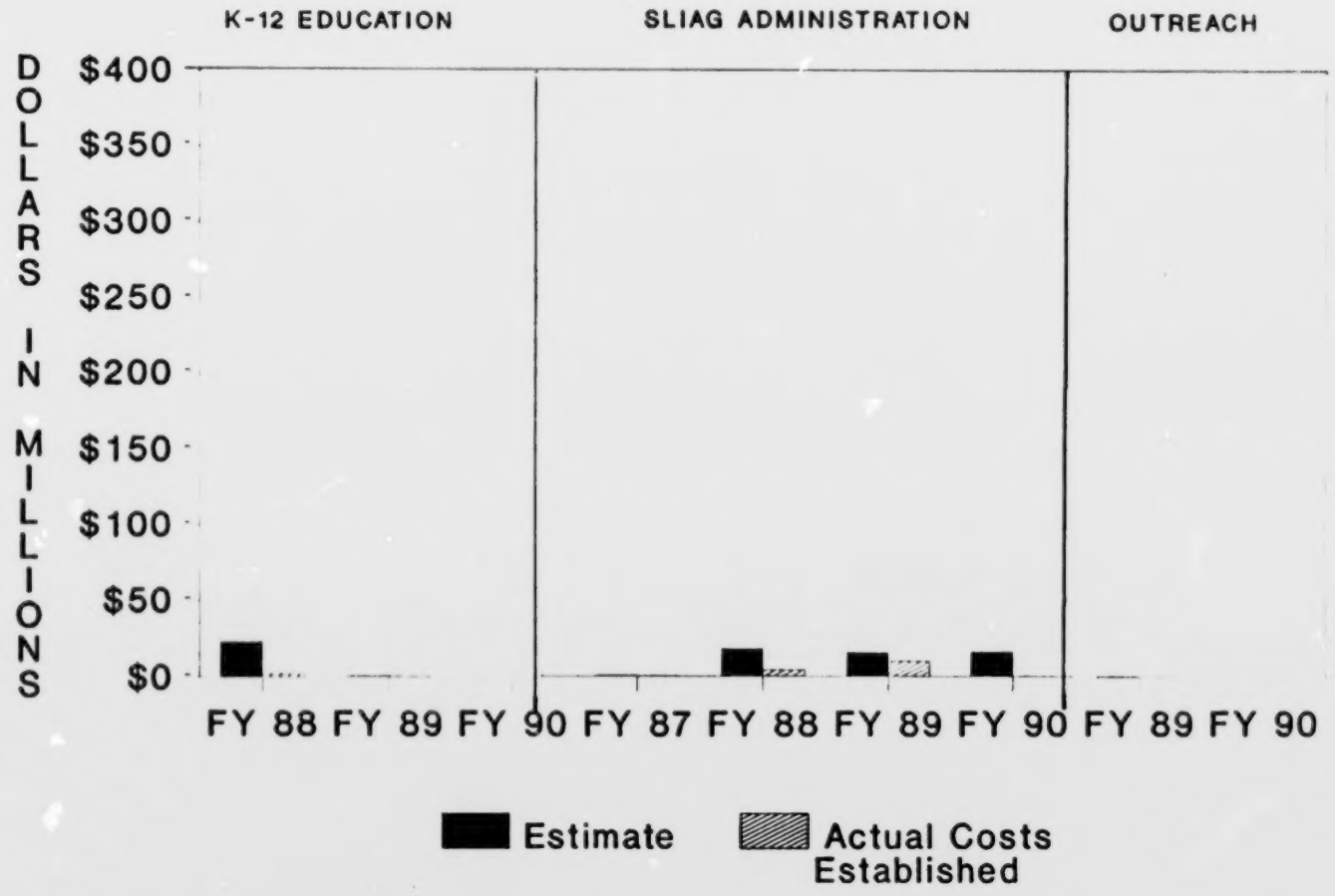
[9]The updated estimate for the current fiscal year and the estimate for the coming fiscal year are entered into the allocation formula that determines the amount of a State's award. It is therefore important to ensure that these estimates are as realistic as possible.

Exhibit 2-6
SLIAG COST ESTIMATES AND ACTUAL COSTS



Source: Costs by Primary Code, 8/31/90
Updated FY 90 costs as of 12/4/90

Exhibit 2-6 (Cont.)
SLIAG COST ESTIMATES AND ACTUAL COSTS



Source: Costs by Primary Code, 8/31/90;
Updated FY 90 costs as of 12/4/90

application for FY 1989. Twenty-two States currently have approved programs for FY 1990.

Throughout FY 1989, HHS continued to offer technical assistance. A workshop centered around the empirical data requirements for the FY 1990 application was held in May. HHS also laid the groundwork for Federal monitoring of States' programs. HHS staff visited each of the ten largest SLIAG States to gather information about State grant administration beyond what is described in the State application. These orientation visits were useful in settling issues of program allowability and cost documentation methodology, and in pinpointing matters that would require policy clarification.

HHS also developed a review guide to be used in subsequent program monitoring visits to States, and identified program areas inherently vulnerable to problems in cost documentation and alerted the larger States that these programs would be the subject of field review in the coming year. (Programs that must document eligibility client by client, such as adult education programs and medical assistance to indigents, were chief among the vulnerable programs.) The first program review visit, to California in September 1989, demonstrated the usefulness of focusing on these program areas. The HHS review guide was distributed to all States, and has helped States in conducting their own reviews.

With advice from fiscal and program officers from several States, HHS also developed a compliance supplement for the SLIAG program, for use in State audits under the Single Audit Act. The supplement alerts auditors to features of the program that differ from standard grant programs.

The experiences of FY 1988 and FY 1989, which indicated that funds awarded substantially exceeded actual and anticipated costs, had both program-wide and State-specific financial implications for FY 1990. As discussed below, Congress adjusted FY 1990 funding for the program downward, reserving unspent funds for possible later use. When the FY 1990 SLIAG funding allocation formula was calculated, twelve States were found to have received, for FY 1988 and FY 1989, sufficient funds to cover the cumulative total due to them for FY 1988 through 1990. In effect, they had received their share of the three-year allocation total already. Therefore, these States received no FY 1990 award. They will continue to participate in SLIAG in the normal way, paying FY 1990 costs from the grant funds awarded in FY 1988 and FY 1989.

2.5 PROGRAM RESOURCES AND PROGRAM COSTS

Program Resources Nationwide

Funds to support the SLIAG program were appropriated by the authorizing statute, at the level of $1 billion a year, less the amount of a Federal offset defined in IRCA, for FY 1988 through FY 1991. The offset is the cost of providing Food Stamps, Medicaid, and other Federal financial assistance benefits to Pre-'82 aliens exempted from the bar to participation in these programs[10]. Before allotment to the States, the amount of funds available is further reduced by the amounts required for Federal administration of IRCA section 204, which establishes the SLIAG program.

For the first two years of the program, the resulting amount was distributed to States. However, by the time of the FY 1990 budget cycle, it had become apparent that the full amount appropriated in IRCA for that fiscal year would not be needed immediately. The level of costs reported was less than had been anticipated; also, the rate at which funds were being drawn down was such that the amounts already allocated would cover the costs anticipated for FY 1990. In the 1990 Appropriations Act, the Congress moved $555 million of 1990 funds forward to 1992. Delaying the appropriation ensured that funds were not made available in advance of need. The pattern of funding over time compared to estimated and actual costs is shown in Exhibit 2-7.

The $928.5 million for FY 1988 was awarded to States based on population data, IRCA legalization data and the States' initial estimates of costs. These estimates totaled $444.3 million, or about 48 percent of the amount distributed. Actual costs reported through August 1990 for FY 1987 and FY 1988 equaled $194 million, which is just 21 percent of the funds made available in FY 1988. Based on a review of HHS data and conversations with officials in the five largest SLIAG States (California, Florida, Illinois, New York, and Texas), the U.S. General Accounting Office (GAO) has estimated that when all costs have been reported, this total is likely to reach $284 million. This would leave $644.5 million in FY 1988 funds to be used in subsequent years.

For FY 1989, an additional $898.5 million was awarded based on population figures, updated estimates for FY 1987-1988 of $557.6 million and estimated FY 1989 costs of $969.1 million. Updated estimates of FY 1989 costs, submitted October 1, 1989 and based on empirical data, fell to $636.6 million. GAO estimates that actual costs for FY 1989 will ultimately reach $782 million, leaving $116.5 million to be used in future years.

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[10]Section 245A(h) does not apply to SAWS, nor are the costs of serving SAWS included in the offset. The cost of serving RAWS will be included, if and when this category of aliens is activated.

EXHIBIT 2-7

CURRENT LAW SLIAG FUNDING
($ in millions)

	FY 1988*	FY 1989	FY 1990	FY 1991
Base Amount	$1,000	$1,000	$1,000	$1,000
Federal Offset	$ (70)	$(100)	$(130)	$(160)
Appropriation	$ 930	$ 900	$ 870	$ 840
Adjustments	$ -0-	$ -0-	$(567.4)[11]	$(566.8)[12]
Federal Admin.	$ (1.5)	$ (1.5)	$ (1.6)	$ (1.76)
State Grants	$ 928.5	$ 898.5	$ 301.0	$ 271.7
Updated estimates	$ 557.6	$ 636.6	$ 562.8	
Costs reported to 08/30/90	$ 194.0	$ 260.8		

* Includes FY 1987 costs.

GAO estimates that FY 1990 costs may eventually reach $1.038 billion. The $761.5 million potentially unspent from FY 1988 and 1989, added to the $300.9 million allocated in FY 1990, total more than this amount. Thus, SLIAG appears to have had funds sufficient to cover program needs nationwide.

Funds and Costs at the State Level

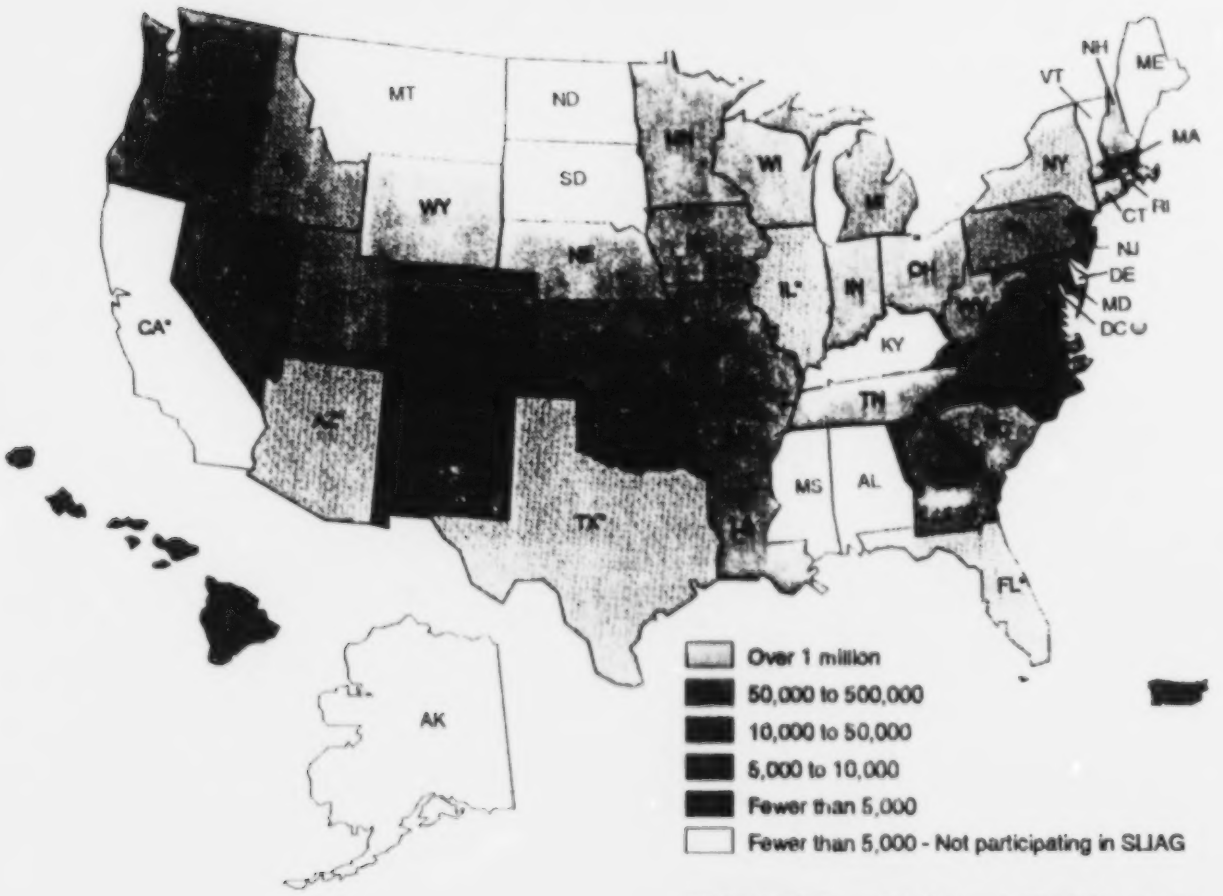
SLIAG funds and the costs associated with serving ELAs vary greatly from State to State. States can be grouped into five categories in terms of the magnitude of their involvement in SLIAG, as illustrated in Exhibit 2-8.

The twenty-eight States that contain fewer than 5,000 ELAs each form the group characterized by the least impact. In each of these States except Rhode Island, ELAs constitute less than one-fourth of one percent of the State population. (The Rhode Island

[11]Reflects reduction in the FY 1990 appropriation of $555,244,000 made by Pub. L. 101-166, the FY 1990 Labor/HHS Appropriation, and $12,180,000 sequestered under the provisions of Gramm-Rudman-Hollings.

[12]Reflects reduction in the FY 1991 appropriation by Pub. L. 101-517.

Exhibit 2-8
STATES BY NUMBER OF ELAs



* ELAs constitute more than 1 percent of the state population
SOURCES: Estimated total ELAs from Summary PE Tables as of 11/2/89 percent from Allotment Table B-6 as 8/8/90.

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figure is 0.26 percent.) Twelve States in this group elected not to participate in SLIAG. The cumulative awards from FY 1988 and FY 1989 to the participating States in this group total $18 million. They range from $174,399 (West Virginia) to just under $2 million (Rhode Island and Minnesota), and average $1.12 million for the two years. Expenditures to date for FY 1988 and FY 1989 total just over $4 million, and average $250,000 per participating State.

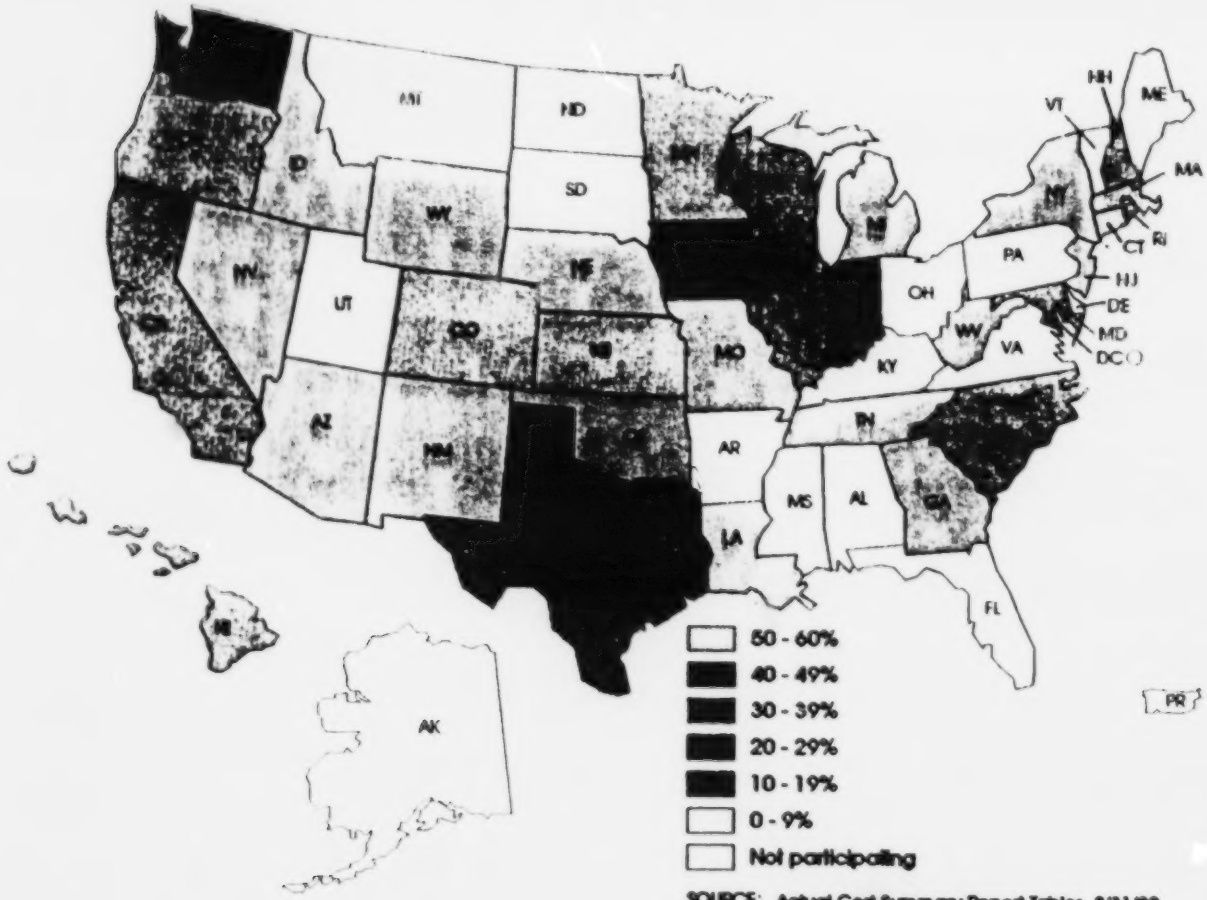
Eight States have between 5,000 and 10,000 ELAs each. In Idaho and the District of Columbia, ELAs constitute about 0.9 percent of the population; these States rank 10th and 11th in terms of concentration of ELAs. Utah at 0.33 percent and Puerto Rico at 0.30 percent rank 17th and 19th, and the remaining five States show concentrations of 0.25 percent or less. Awards to this group of States total $31.3 million for the first two years of the SLIAG program; they range from $1.7 to $5.6 million, averaging $3.4 million. Costs established through August 1990 for FY 1988 and FY 1989 total $8.6 million, for an average of $939,281 per State. Twelve States have ELA populations of 10,000 to 50,000, among them two (New Mexico and Nevada) in which ELAs represent more than 1 percent of the population. Awards to this group through FY 1989 have totaled $134.4 million (an average of $11.2 million per State); costs through August 1990 totaled $34.0 million or approximately $2.8 million per State.

Arizona, Florida, Illinois, New York and Texas all contain both large numbers and high concentrations of ELAs. The combined FY 1988-1989 allocation to these States was $554.2 million and the combined costs were $111.1 million through August 1990.

California, with 1.5 million ELAs (more than 5 percent of its population, and nearly 55 percent of the national total), is in a class by itself. This State received $1.093 billion - 60 percent of the SLIAG funds awarded to all States through FY 1989; its programs account for 76 percent of the total costs reported to date for FY 1988, and 66 percent of the reported FY 1989 costs. Cost patterns from California therefore influence the overall pattern very heavily, a circumstance that should be kept in mind when interpreting this report.

There is every indication that funds through FY 1990 will be adequate for each participating State, as well as at a national level. Costs reported through August 1990 for the first two fiscal years of the program amount to about one-quarter of each State's cumulative award through FY 1990, on the average. Two States, Utah and the District of Columbia, had reported costs equal to more than 50 percent of the funds awarded to them. Colorado, Kansas, Massachusetts, Minnesota, Oregon and Rhode Island were in the 40 to 50 percent bracket. But the majority of the States -- including California -- were in the 30 percent bracket or below (Exhibit 2-9).

Exhibit 2-9
COSTS AS PERCENT OF FUNDS AWARDED, THROUGH FY 1989



SOURCE: Actual Cost Summary Report Tables, 8/31/90.
Allotment Tables, 8/8/90.

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Drawdown of Funds

States were reluctant to draw down funds until their cost methodologies had been approved. Many did not submit costs for their major programs until the spring of 1990, and waited to draw funds until HHS had reviewed their reports. The rate of drawdown has accelerated considerably since then.

As of September 30, 1990, States had drawn down a total of $881.4 million, which equals 48 percent of the $1.827 billion available from their FY 1988 and FY 1989 grant awards. A few of the smaller States had not yet drawn funds sufficient to cover all approved FY 1988 and FY 1989 costs. Most States, however, had drawn amounts in excess of reported costs. Nationally, the amount drawn exceeded the amount of costs reported for FY 1988 and FY 1990 by 89 percent.

This overage reflects the fact that, while some States have amended their FY 1988 and FY 1989 cost reports, many will not do so until the FY 1990 report is due at the end of December. These States have a backlog of FY 1988 and FY 1989 costs that are as yet unreported, or that were reported but were not approved pending correction of problems in cost methodology. Moreover, many States are covering as-yet-unreported FY 1990 costs by drawing funds from their FY 1988 and FY 1989 awards.[13] (Only Texas has drawn substantial funds from its FY 1990 award.) HHS expects that costs will be found to balance or exceed amounts drawn, once currently unreported costs have been reviewed.

In a few States, the excess of funds drawn compared to costs may reflect problems in financial management. The Department is monitoring drawdown/cost disparities closely, and will be reviewing the bases for drawdown if incoming cost reports do not justify the amounts drawn.

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[13]SLIAG funds may be used in the fiscal year in which they were awarded, or in any subsequent fiscal year through FY 1994.

SECTION 3.0

PROFILE OF LEGALIZED ALIENS

3.1 OVERVIEW

The Immigration Reform and Control Act of 1986 (IRCA) authorized legalization of approximately 3 million individuals. Just under two million applied under section 245A (Pre-'82s), and about one million under the Special Agricultural Worker (SAW) provisions. This population has been in the country, on average, more than five years. Most of these people came to the United States in order to find economic opportunity, to work, and to provide a better life for themselves and their families. However, most of their time in the U.S. has been spent hidden from governments, Federal, State, and local. For this reason, little has been known about the legalized population.

Since the availability of State Legalization Impact Assistance Grant (SLIAG) funds, studies of the legalized population have given us more insight into these groups. In September 1988, the University of Maryland at Baltimore, under contract with the State of Maryland, issued a report on program utilization by legalization applicants in Maryland.[1] Additionally, the California Health and Welfare Agency contracted with the Comprehensive Adult Student Assessment System (CASAS) to survey Eligible Legalized Aliens (ELAs) in adult education classes.[2] More information has been accumulated by the Immigration and Naturalization Service of the U.S. Department of Justice in a study conducted by the Westat Corporation; however, that study has not yet been released.

3.2 DEMOGRAPHIC PROFILE OF THE ELA POPULATION

By November 30, 1988, the end of the application period for Special Agricultural Workers (SAWs), approximately 3 million individuals had applied for lawful temporary resident status under the Immigration Reform and Control Act of 1986 (IRCA). Of the 3 million, 1.7 million had applied under section 245A of the Immigration and Naturalization Act, having resided in the United States continuously since 1982 (Pre-'82s), and 1.3 million had applied under section 210 (SAWs). About 94.6 percent of Pre-'82 applications had been approved as of August 1990, with 12,570 applications remaining to be processed. Of Pre-'82 ELAs, about 1.3 million had been granted permanent resident status. On

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[1] Maryland Legalization Applicants: Program Utilization Analysis, Donald E. Gelfand, Project Director. School of Social Work and Community Planning, University of Maryland at Baltimore, September, 1988.

[2] A Survey of Newly Legalized Persons in California, Comprehensive Adult Student Assessment System. San Diego, CA, 1989.

average, only about 58.7 percent of SAW applications have been approved, with about 473,580 yet pending. Approved SAWs who worked at least 90 days a year in agriculture in 1984-86 were automatically eligible for permanent resident status on December 1, 1989, or such later date that is one year following the grant of temporary resident status for those SAWs approved after November 30, 1988. As of August 1990, there were still 6,200 of these cases yet to be adjudicated by INS. SAW applicants who worked in agriculture at least 90 days in 1986 are eligible for permanent resident status on December 1, 1990, or such later date that is two years following the grant of temporary resident status for this group of SAWs approved after November 30, 1988. About half of these applications have yet to receive a final decision.[3]

ELAs are concentrated in 10 States: California, Texas, Florida, Illinois, New York, Arizona, New Jersey, Washington, Oregon, and New Mexico (Exhibit 2-8). These 10 States have approximately 2.7 million ELAs. The first 5 have approximately 2.4 million, and California alone has an ELA population of over 1.5 million, more than half of the national population. In fact, Los Angeles County alone has a higher ELA population than the State of Texas, which has the second highest State population of ELAs in the country.

As one might expect of a working population, ELAs are concentrated in younger age groups (Exhibit 3-1). Eighty percent of all Pre-'82s are between 15 and 44 years of age, with a median age of 29 years. Ninety-two percent of all SAWs are in the same age group, with a median age of 27 years.[4]

ELAs are primarily single men. Fifty-seven percent of all Pre-'82s and 82 percent of SAWs are male. In addition, 49 percent of Pre-'82s have never been married, while 54 percent of SAWs are single.[5] Slightly more than half (53 percent) of Pre-'82s live with one to three children, including children of their spouse. About 16 percent had more than four children, and 31 percent report having no children living with them.[6]

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[3]Provisional Legalization Application Statistics: August 27, 1990, Statistics Division, Office of Plans and Analysis, U.S. Immigration and Naturalization Service. (LAPS)

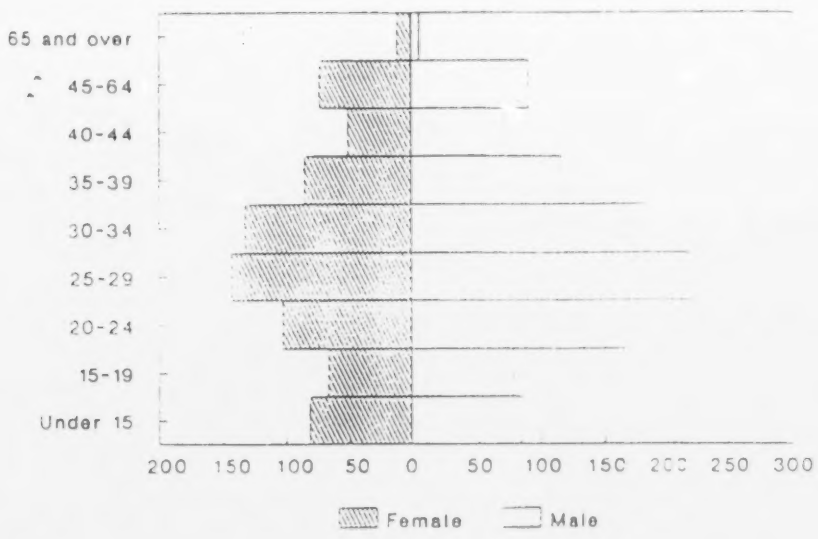
[4]LAPS data, August 27, 1990. LAPS data are based on information given at the time of application.

[5]LAPS, August 27, 1990.

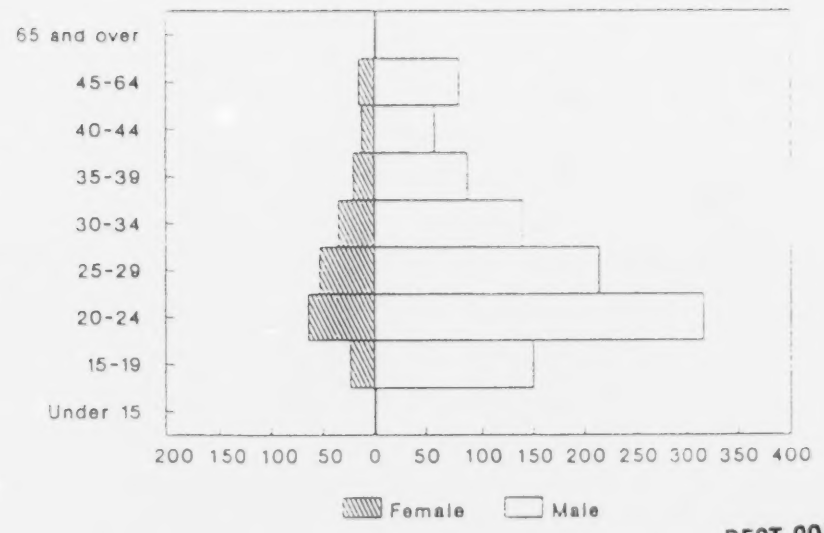
[6]CASAS study, pp. 2-10. The CASAS study, since it was conducted in adult education classes which Pre-'82s were required to attend, but SAWs were not, may not reveal results that are easily generalizable to the SAW population.

Exhibit 3-1
ELAs BY AGE AND SEX
(IN THOUSANDS)

PRE-'82s



SAWs



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The majority of legalized aliens were born in Mexico and Central America. Seventy percent of Pre-'82s and 81.5 percent of SAWs were born in Mexico. Fifteen percent of Pre-'82s and 9 percent of SAWs were born in other Central American, South American, or Caribbean countries. Smaller groups of Pre-'82s come from the Philippines (1.1 percent), Poland (1.0 percent), and Iran (0.8 percent). Other source countries for SAWs include India (1.4 percent) and Pakistan (1.3 percent).[7]

The bulk of Pre-'82s had arrived in the U.S. prior to 1980; 32 percent had arrived in 1980 or 1981. Thirteen percent arrived prior to 1974. Fifty-four percent of SAWs arrived before 1985.[8]

Eligible legalized aliens do not remain in that status indefinitely. Federal regulations implementing the SLIAG program (45 CFR 402) allow the reimbursement of State and local expenditures related to ELAs for five years after the effective date of status, which is the date of application. This means that the national population of ELAs will begin to drop from its 1991 high of 2,702,752, to 50,903 by the beginning of calendar year 1994 (Exhibit 3-2).

EXHIBIT 3-2
ELA POPULATION OVER TIME

YEAR	POPULATION
1988	1,744,492
1989	2,677,014
1990	2,702,656
1991	2,702,752
1992	2,596,833
1993	1,158,250
1994	50,903

Note: Each population figure shown is the average of the highest and the lowest month's number of ELAs.

[7]LAPS

[8]CASAS study, pp. 2-4.

3.3 ECONOMIC CHARACTERISTICS OF ELIGIBLE LEGALIZED ALIENS

The "average" legalized alien is employed full-time, in a manufacturing or service position. Legalization Application Processing System (LAPS) data show that, at the time of application, 24 percent of Pre-'82 ELAs were machine operators or laborers, while 21 percent worked in service positions. Twelve percent were students, and another 11 percent were skilled craftsman.

Since application, ELAs have continued to advance themselves economically. About 70 percent of Pre-'82s work full-time, as do 75 percent of SAWs. Less than 10 percent of both groups report working only part-time. In fact, over 10 percent report working more than 50 hours per week at their primary job. Finally, no more than 5 percent of all ELAs surveyed in the CASAS study report that they were unable to work in the month prior to the survey. Most of those cited illness, either long- or short-term, for the inability to work.

Legalized aliens, generally, do not seem to live below the poverty level. Median family take-home pay for Pre-'82s was between $400 and $449 per week and between $350 and $399 for SAWs. Twenty-two percent of both Pre-'82s and SAWs reported a weekly household income of over $600.[9] The Maryland survey, however, found wide discrepancies between ELAs from different geographic regions. Caribbeans had a median family income of $8-10,000, while ELAs from Europe, Asia, and the Middle East had family incomes of $25-30,000.

The most commonly cited occupational categories were manufacturing and services. Thirty-two percent of all Pre-'82s surveyed by CASAS work in manufacturing and 30 percent in services. Of the SAW respondents in the CASAS survey, only 33 percent reported work in agriculture, followed by 28 percent in services and 20 percent in manufacturing.

3.4 HEALTH

The CASAS study found California ELAs to be in better general health than a sample of Hispanic Californians age 25 to 34. In a self-assessment of health as "excellent" to "poor," about 90 percent of ELAs, and 78 percent in the general sample, reported being in either "excellent" or "good" health. The type of question asked has a strong positive correlation with actual state of health.

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[9]CASAS study, pp. 5-10, table 5.3.

Other assessments of general health also proved to be positive. Only 8 percent of Pre-'82s and 6 percent of SAWs report having had a major health problem, except for injuries on the job, within the last two years. Only 5 percent or less had diabetes, hypertension, or high blood cholesterol levels. Their incidence of hypertension was reported at less than half that of a comparable sample of Hispanic adults.

Very few respondents had been admitted to a hospital overnight or longer in the previous year. Ninety-three percent of the Pre-'82s and 96 percent of the SAWs reported not being admitted to a hospital. A comparison of a question which gauged respondents' days away from work due to illness or injury indicates that of the 12 percent of Pre-'82s who reported three or more days in which they were unable to perform regular activities in the last year, 28 percent were admitted overnight to a hospital. However, only 3 percent of those who reported fewer than three unproductive days were admitted to a hospital.

Slightly less than half of the ELAs surveyed by CASAS had seen a doctor within the last year. However, 79 percent of Pre-'82s with major health problems within the past two years had seen a doctor during that time. Almost one-third of the Pre-'82s cited a doctor's office as their usual health care provider, both before and after legalization. Migrant or community clinics were the usual providers for 14 percent, and 8 percent went to County Health Departments or hospitals. Twenty-three percent responded with "Other" which revealed that about 3 percent of Pre-'82s usually went to a hospital emergency room. Over half of the remaining "Other" responses referred to some type of group insurance clinic or Health Maintenance Organization (HMO).

It has been suggested that some ELAs have avoided seeking medical care due to fear of becoming a "public charge" and thus being denied legal status by INS. The CASAS survey addressed this issue, in part, by asking respondents, "Since becoming a legal resident, have you ever been very sick or injured but not gone to a doctor or waited to go?" Almost all (97 percent) of the respondents said they had not hesitated to get medical care.[10]

One-third of Pre-'82s reported having employer-paid health insurance. Over half paid directly for their own health care, including 7 percent who paid for their own health insurance. Only 4 percent indicated that they received government-sponsored care. Fewer SAWs (20 percent) had insurance or paid for their own health insurance; 61 percent paid directly for their own health care.

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[10]CASAS study, pp. 6-14.

3.5 EDUCATION

As part of the requirements for applying for legal permanent resident status, Pre-'82s must demonstrate minimum proficiency in English and a basic understanding of U.S. history and government, or be making satisfactory progress in an INS-approved course in these areas.[11] SAWs do not have an educational requirement, but may enroll in SLIAG-funded courses.

In California, education providers are required to administer a CASAS-developed English proficiency assessment. In the school year October 1988 through June 1989, 81 percent of the Pre-'82 students and 83 percent of the SAWs tested below the minimal functional level of English literacy (about fifth or sixth grade level).

Anecdotal data from HHS monitoring visits to California indicate that the majority of ELA students attend an average of approximately 60 hours of the INS-approved course. The majority of Pre-'82s have successfully applied for permanent residency status by receiving their certificate of satisfactory pursuit from these courses. A large number of ELAs achieved their certificates by participating in intensive study for short periods of time. Forty percent of the Pre-'82s and 45 percent of the SAWs reported attending class four days a week. Additionally, a significant proportion (28 percent of Pre-'82s and 33 percent of SAWs) said they were in class 12 to 14 hours a week, usually about three hours a day.[12]

The reason most often cited for attending class was to increase general English proficiency. However, this was often mentioned in conjunction with other reasons. Over half of the Pre-'82s cited the requirement for permanent residency as reason for attending. Thirty-three percent of the SAWs cited the educational requirement as reason for attending even though the requirement did not apply to them. Over half of the students sampled in the CASAS study were first-time users of educational services in the United States and almost all said they would attend even if the course were not required. In addition, 95 percent of those questioned said they would or probably would take more classes, even though they are not required to do so. To date, State data have not indicated a significant number of ELAs attending class after the required course. However, some States are planning to increase outreach to ELAs in an attempt to increase enrollment in Adult Basic Education courses, which are allowable under SLIAG.

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[11] A "Certificate of Satisfactory Pursuit" is issued to an ELA student after completion of 40 hours of the approved 60 hour course.

[12] CASAS, pp. 4-14.

SECTION 4.0

STATE AND LOCAL COSTS BY PROGRAM AREA

4.1 OVERVIEW

Reports of the costs incurred by State and local governments through FY 1989 are now sufficiently complete to provide a good general picture of the kinds of services ELAs are receiving and the costs of these services. Exhibit 4-1 summarizes the breakdown of costs across program areas for fiscal years 1987 through 1989 as of the end of August, 1990.[1] Education costs accounted for approximately 43 percent of the costs reported. Public Assistance programs contributed 40 percent, Public Health Assistance 13 percent, and SLIAG Administration 3 percent of the $454.8 million total.

The materials that follow address each major SLIAG program area in terms of the services that are allowable, the types of activities that States have undertaken, and the distribution of costs across activities and across States.

4.2 COSTS FOR EDUCATION

SLIAG pays the cost of providing instruction and instructional support services to ELAs enrolled in elementary, secondary, or adult education. In keeping with the requirements of the Emergency Immigrant Education Act (EIEA), which is incorporated into IRCA by reference, the SLIAG program does not pay such costs for students who have already completed three years of education in the United States. Like EIEA, SLIAG limits the amount that can be paid to any provider to $500 times the number of students served in a given year (net costs), and pays elementary-secondary (K-12) costs only to districts in which 500 students, or 3 percent of the public and private school enrollment total, meet the program's criteria of eligibility. Services to adults must be allowable under the Adult Education Act, and may be delivered through public adult education providers or through community-based organizations.

SLIAG-related costs associated with K-12 education are not new costs, as school districts are required to serve all children, whether they are legal residents or not. Adult education program costs reflected to date represent largely the enrollment of Pre-'82 aliens in classes through which they could meet the

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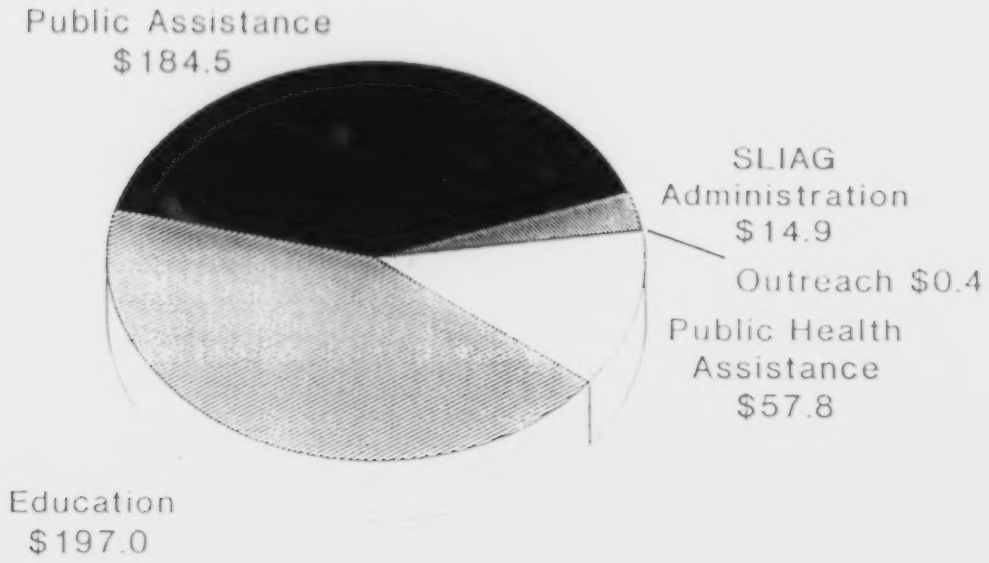
[1]The costs shown for each program area include program costs, costs of program administration, and SLIAG administrative costs associated with particular activities within that program area.

Exhibit 4-1
SLIAG COSTS BY PROGRAM AREA, THROUGH FY 1989
(DOLLARS IN MILLIONS)



Source: Costs by Primary Code, 8/30/90.

requirements for permanent resident status, and thus do constitute costs attributable to legalization under IRCA. The cost of SLIAG educational services (K-12 and adult combined) per resident ELA for each State through August 1990 is shown in Exhibit 4-2. Costs ranged from around $1.00 (Ohio, South Carolina) to $153 (Colorado) and $185 (Kansas).

K-12 Education

As of August 1990, only 4 States had reported costs for K-12 education, for a total of $2.2 million in FY 1988 and $1.6 million in FY 1989. The small number of participating States reflects the fact that few school districts can meet the enrollment threshold. There are few ELA children, and all but the very youngest should have been in school for several years by the beginning of FY 1988.[2] California and Texas established district eligibility by taking a count of qualifying ELA children. However, districts elsewhere have had difficulty conducting direct counts. (SLIAG requires specific documentation of each child's legal status, whereas any credible evidence of immigrant status is acceptable under EIEA.) HHS devised an alternative method based on demographic data, which was used by districts in Illinois and New York.

In view of the fact that support for services to alien elementary and secondary school students is provided through ongoing State, local and Federal funding programs, States have emphasized adult over K-12 education under SLIAG. California will pay participating districts based on a legislatively appropriated maximum, which in FY 1989 equalled $89 times the number of students served, rather than the $500 cap allowable under SLIAG.

The number of children qualifying for SLIAG will decrease each year, as students complete their third year of education in the U.S. Only Illinois and Texas included this program in their FY 1990 applications, and no K-12 costs are expected beyond that year.

Adult Education

IRCA created a significant new short-term demand for adult educational services. By law, Pre-'82 ELAs must demonstrate a minimal understanding of the English language and knowledge of

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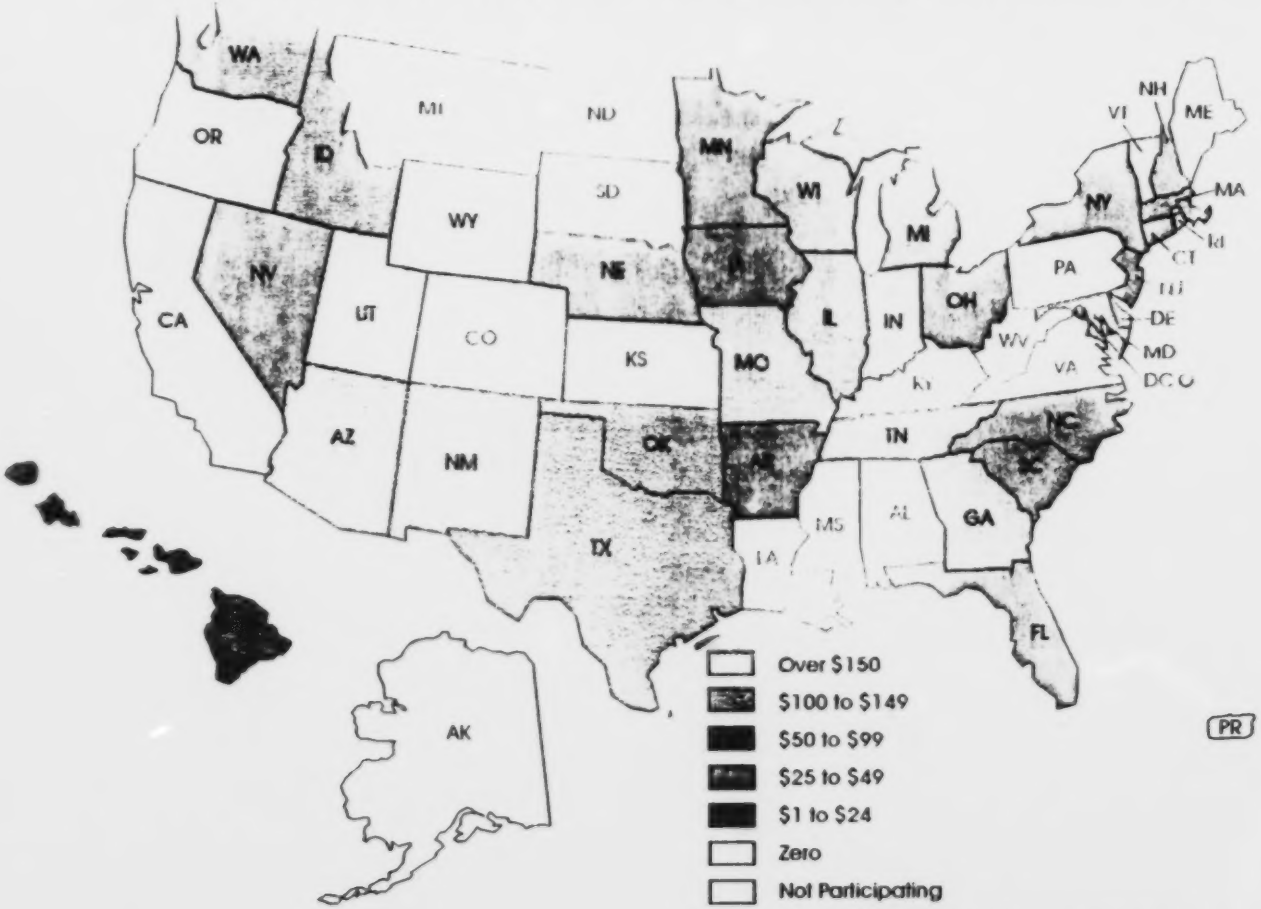
[2]To become a Pre-'82 ELA, the child would have had to be born in another country, but residing in the U.S. before January 1, 1982 (which would make him or her at least five years old at the beginning of FY 1988). To become a SAW, the child would have had to work in agriculture in 1986 and probably would be beyond secondary school age in FY 1988.

Exhibit 4-2
SLIAG EDUCATION COSTS PER ELA BY STATE, THROUGH FY 1989



SOURCE: Actual Costs by Secondary code, 8/31/90.
ELA Population from Summary Application Table, 5/16/90.

the history and government of the United States in order to be granted lawful permanent resident status. The requirement can be fulfilled by earning a "certificate of satisfactory pursuit" which shows that the person has completed at least 40 hours out of a 60-hour course covering English and civics, at an institution authorized to issue the certificate. Nationwide, about half of the Pre-'82s have met the education requirement by earning a certificate.[3]

Adult education for ELAs got off to a slow start in FY 1988. Few aliens had applied for status before the end of the 1987-1988 school year, and States needed some time to set up or expand services, contract with providers and locate teachers. Most States developed coverage throughout the State by contracting with community-based organizations (CBOs), in addition to the community colleges and public schools. While some were able to document costs incurred before contracts were in place, most States reported only those costs incurred after contractual arrangements and record-keeping systems were implemented. FY 1988 costs totaled $16.2 million as of August 1990. Sixteen participating States had not yet reported FY 1988 costs.

Demand for classes rose in FY 1989 as Pre-'82s enrolled to gain the certificate that would satisfy the educational requirement for permanent residency. The 30 month period of temporary residency for the earliest ELAs would end during the first month of FY 1990, and many later registrants sought to fulfill the education requirement well in advance of their deadline, just in case. Costs increased tenfold. Most States funded only English/citizenship classes. In some, providers instituted waiting lists and gave priority to Pre-'82 aliens. SAWs were not required to earn a certificate, but many enrolled in the classes just the same. With reports in from all but 7 States (including Florida and New York), FY 1989 adult education costs totaled $177 million through August 1990.

The cumulative distribution of costs across States is shown in Exhibit 4-3. States with large numbers of ELAs (California, Illinois, Texas, Florida, Washington, Oregon, and Arizona) had reported costs of $1 million or more. All but 9 participating States had costs in excess of $25,000.

Evidence from HHS field reviews indicates that perhaps half of the ELAs attended only for the 40 hours required to earn the certificate, but a substantial fraction completed additional

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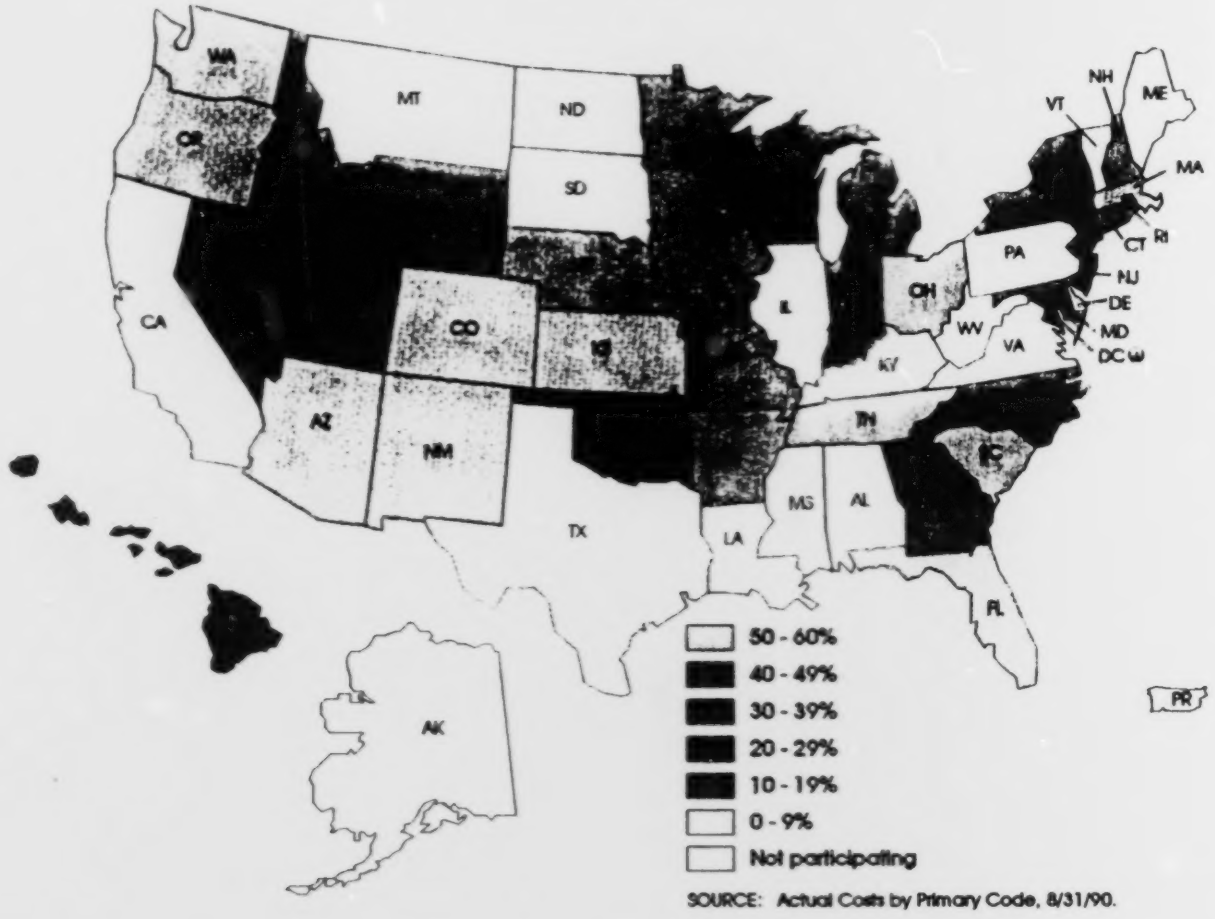
[3]An ELA could also fulfill the requirement by showing that he or she had completed an employer-sponsored or other INS-recognized course, had earned a high school degree, or had attended one year of secondary or post-secondary education in the U.S. The applicant might also pass either an INS-recognized standardized test or an oral examination at an INS office.

Exhibit 4-3
SLIAG ADULT EDUCATION COSTS THROUGH FY 1989, BY STATE



SOURCE: Actual Costs by Primary Code, 8/31/90.

hours. The number of hours appears to have averaged between 50 and 60, and average costs per student were substantially below the $500 cap for all but a few providers.

As of June 1990, three-quarters of the Pre-'82 aliens had already met the requirements for permanent residency. Demand for certification courses may persist into the early months of FY 1991 as ELAs who were granted status after the close of the application period complete the requirement. Services to ELAs in regular Adult Basic Education (ABE) or General Educational Development (GED) will generate some additional costs. While it is possible that interest in enrollment in such classes may be higher among ELAs initially than among the general adult education service population, HHS expects that ELA attendance will gradually decline to the national adult average.

4.3 COSTS FOR PUBLIC ASSISTANCE PROGRAMS

IRCA authorizes States to use SLIAG funds for reimbursement of Public Assistance programs. To qualify as Public Assistance, these programs must be funded by State or local government and must:

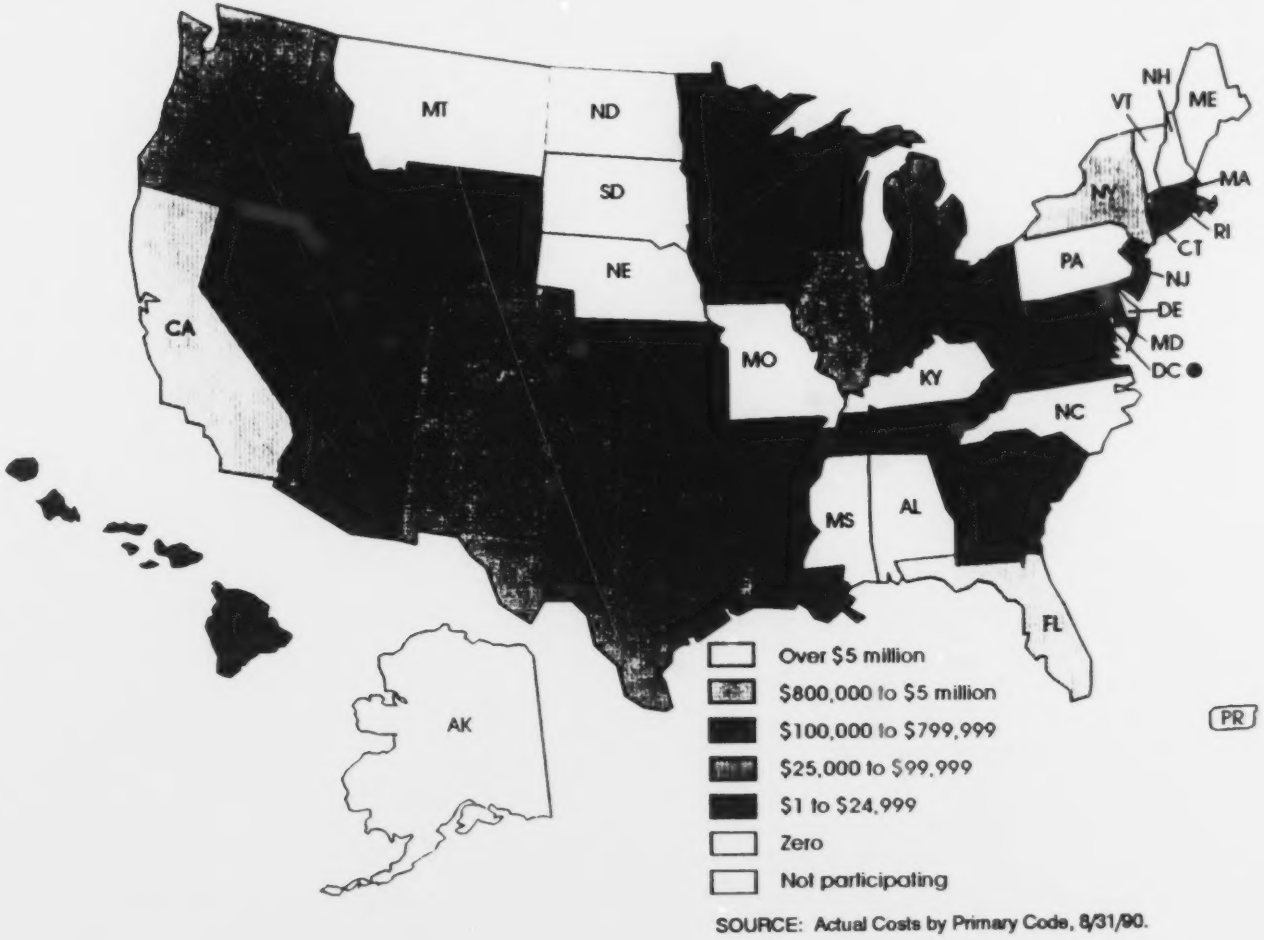
- Provide cash, medical or in-kind assistance to meet the basic subsistence needs of individuals;
- Be based on individual need (employ a means test); and
- Be generally available (not open just to ELAs).

Subsistence needs include food, shelter, and medical care (including treatment for mental conditions or substance abuse). Social services do not qualify, nor does employment training unless it is a condition of participation in a qualifying program (such as an emergency housing program).

Programs of Public Assistance must document the actual costs of providing qualifying services to ELAs. This means that they must either identify and track costs associated with each ELA client as he or she is served; retrieve client identification and service cost information from the program data base through the use of the CDS computer match; or estimate actual costs through the use of a valid sampling methodology.

With a number of major States and programs as yet unreported, cumulative Public Assistance costs through FY 1989 totaled $173.3 million by the end of August 1990. These costs were distributed across States as shown in Exhibit 4-4.

Exhibit 4-4
SLIAG PUBLIC ASSISTANCE COSTS THROUGH FY 1989 BY STATE



SOURCE: Actual Costs by Primary Code, 8/31/90.

Cumulative Public Assistance service costs per resident ELA were found to be $25.00 or less in all but 15 States, as shown in Exhibit 4-5. The District of Columbia ($306) and Minnesota ($241) had the highest per capita costs.

Exhibit 4-6 shows how SLIAG service costs were distributed across the types of services that qualify as Public Assistance. Programs providing food and housing or directed to special needs accounted for few costs, in few States. General assistance programs, which usually provide cash or goods to meet subsistence needs, accounted for a somewhat larger share of the costs. Medical assistance costs dwarfed all other types of expenditures in this program area.[4]

The SLIAG costs associated with Medicaid, with Food Stamps, and with the few general assistance programs linked to AFDC represent new costs attributable to IRCA, since for the most part lawful resident status is a condition of eligibility for these programs. Evidence from site visits to the largest SLIAG States indicates that for most State and local public assistance programs, this is not the case. Hospitals and clinics HHS has visited indicate that they serve people based on medical need, and that the patients they have identified as ELAs were among their clientele prior to the legalization program. They have also generally reported that usage rates and costs for ELAs are comparable to those of the indigent population in general.

Medical Assistance Programs

Programs providing medical care are by far the largest component of Public Assistance programs. The medical assistance, Medicaid and mental health categories combined reported a total of $162.4 million through FY 1989, representing 93 percent of total SLIAG Public Assistance service costs for all States as of August 1990.

The predominance of medical costs is consistent with what is known about ELAs. A Survey of Newly Legalized Persons in California (CASAS survey) found that 46 percent of the Pre-'82 ELAs and 30 percent of the SAWs have health insurance; in

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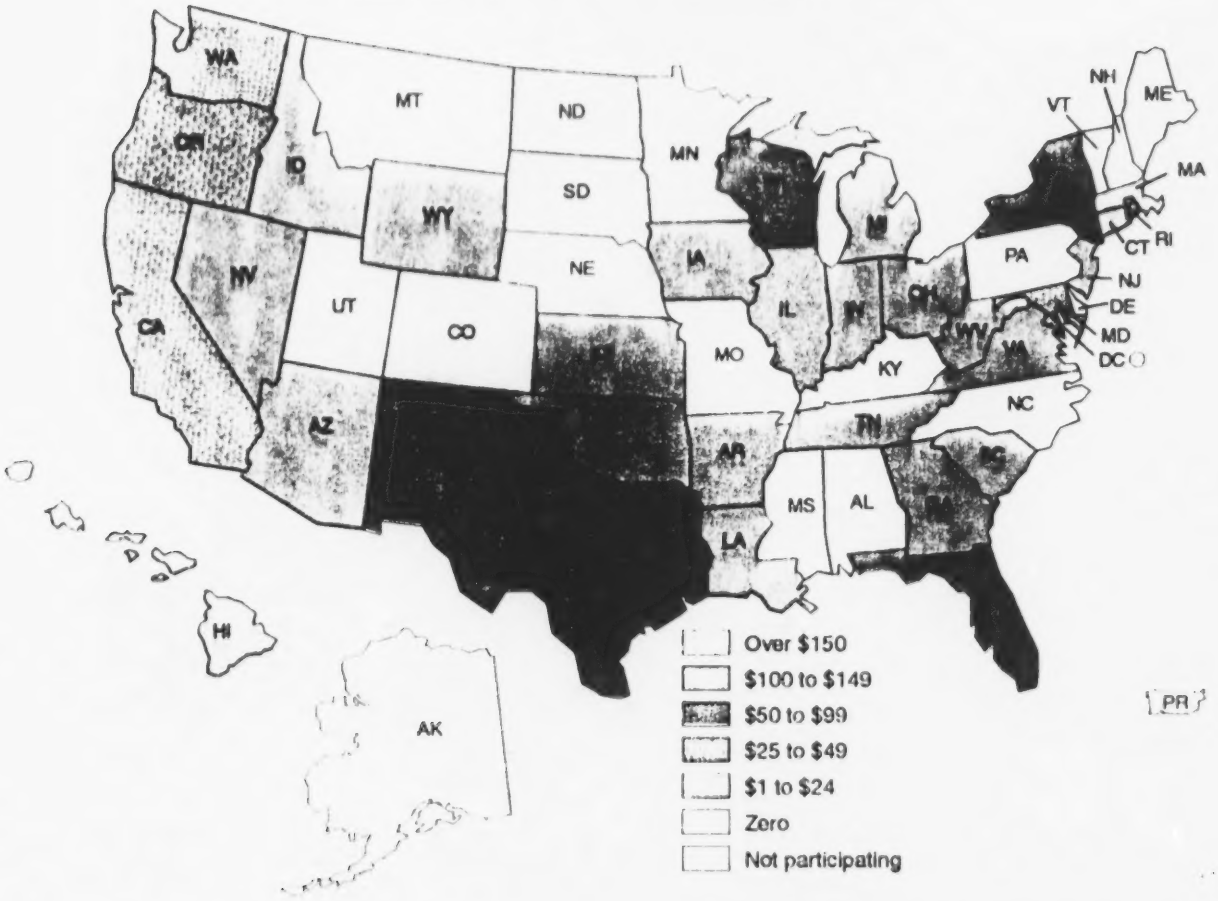
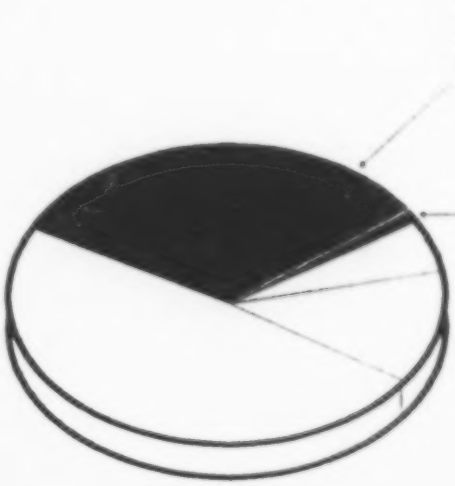
[4]Several factors contribute to this result. Medical service programs tend to involve more dollars per client than cash assistance, or food or housing programs, many of which are designed to give limited temporary assistance. In addition, medical programs typically involve well-developed client intake and record systems that ease the task of cost documentation, while social service programs for the indigent, especially those that provide emergency assistance, deal with clients whose lives are in disarray and whose alien status may be difficult to ascertain.

Exhibit 4-5
SLIAG PUBLIC ASSISTANCE COSTS PER ELA BY STATE, THROUGH FY 1989



SOURCE: Actual Costs by Secondary Code, 8/31/90.
ELA population from Summary Application Table, 5/18/90.

Exhibit 4-6
SLIAG COSTS BY TYPE OF PUBLIC ASSISTANCE
(DOLLARS IN MILLIONS)



Medical Assistance

Medicaid	$22.5
Other Medical	$131.7
Mental Health	$8.2
General Assistance	$7.9
Food-Related	$0.4
Shelter	$0.7
Special Needs	$1.6

Maryland, the figure for all ELAs was found to be 45 percent.[5] The California survey also found that families pay part or all of the medical bills for 54 percent of Pre-'82 ELAs and 61 percent of SAWs, and that only 4 percent of Pre-'82 ELAs and 2 percent of SAWs have used State or Federal medical assistance. The survey data clearly indicate that, although ELAs are not generally dependent on the government for health care, large medical bills could cause them significant financial problems, possibly creating increased need for government assistance. Health care is an area that causes low-income people, in general, significant financial hardship.

Medicaid

Through August 1990, Medicaid costs had been reported for 36 programs for either FY 1988 or FY 1989. IRCA allows States to claim only the State share of approved Medicaid program costs. The Federal share of Medicaid programs is included in the Federal offset to the total SLIAG costs.

IRCA defines which categories of ELAs are eligible for Medicaid benefits. Pre-'82 ELAs are not eligible for full Medicaid benefits, except for Cuban/Haitian entrants, the aged, blind or disabled, and children under age 18. All Pre-'82 ELAs are, however, eligible for restricted Medicaid benefits. SAWs who would be AFDC eligible may receive restricted Medicaid benefits, while all other SAWs are eligible for full Medicaid benefits.

As of the end of August 1990, 19 States had claimed $22.5 million for Medicaid costs. This figure represents 13 percent of total SLIAG Public Assistance costs reported to date. California ($9 million), New York ($7 million), Texas ($1 million) and Florida ($800,000) accounted for the bulk of these costs; New York and Florida had not yet reported for FY 1989. Costs from the remaining States ranged from $1,046 (South Carolina) to $641,000 (Utah). Eighteen States, including Arizona, had not reported any Medicaid costs (Exhibit 4-7).

Medicaid costs for services to pregnant women may increase costs for FY 1989 and beyond, reflecting expansions in coverage based in Federal legislation[6].

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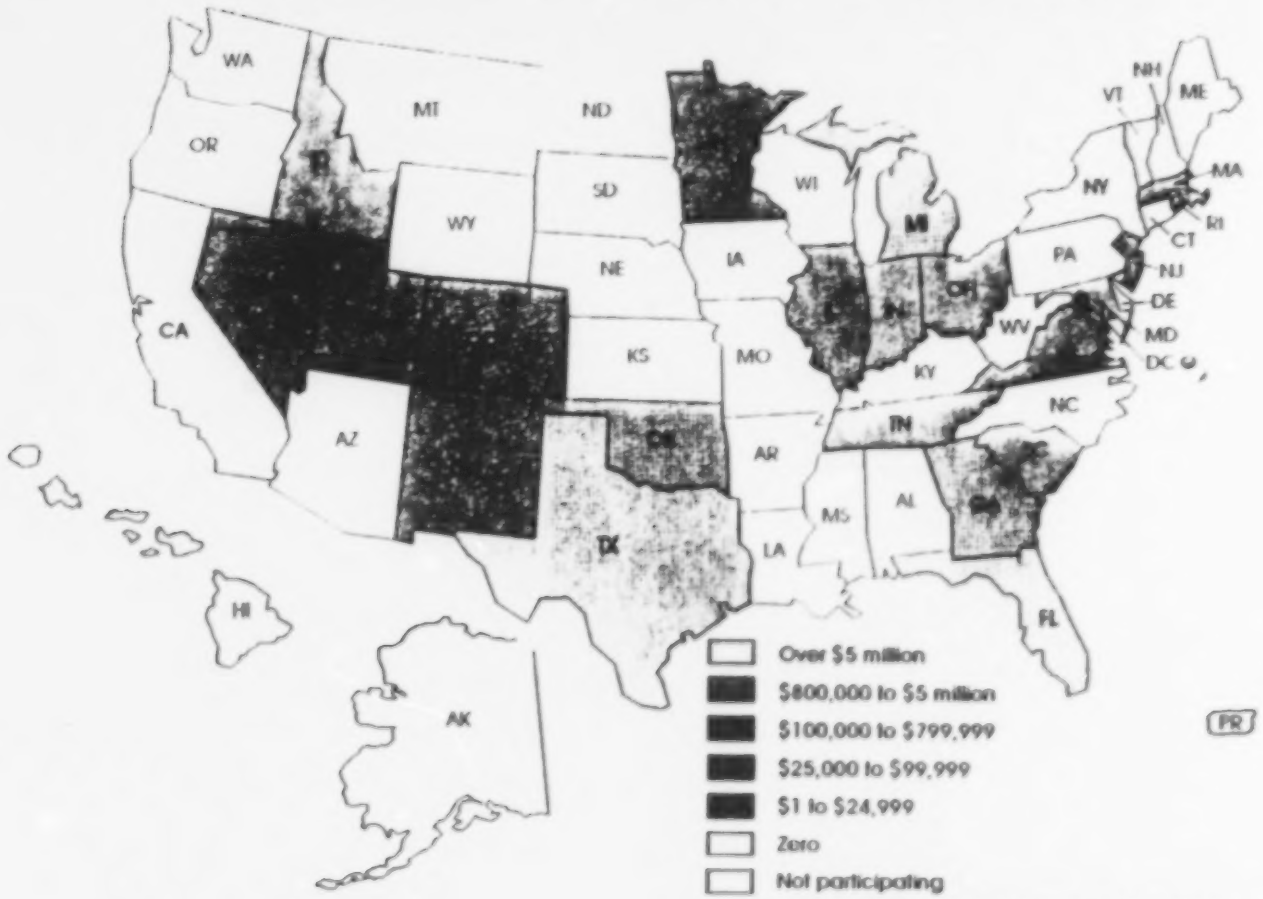
[5]Maryland Legalization Applicants: Program Utilization Analysis

[6]The 1988 Catastrophic Coverage Act expanded coverage for pregnant women with income below 100 percent of the Federal poverty line. The 1989 Omnibus Budget Reconciliation Act mandated coverage of pregnant women, if income is below 133 percent of the poverty line, effective April 1, 1990.

Exhibit 4-7
SLIAG MEDICAID COSTS THROUGH FY 1989 BY STATE



SOURCE: Actual Costs by Primary and Secondary Code, 6/31/90.
Amounts shown represent the State share of Medicaid costs.

Medical Assistance (Other Than Medicaid)

Medical Assistance programs (other than Medicaid) include general indigent hospital and clinical care services, medical care programs focused on a disease or condition (such as cancer, renal disease, or eye treatment), pediatric and maternity care, and convalescent care. Costs were reported for 39 medical assistance programs for either FY 1988 or FY 1989. As of the end of August 1990, Medical Assistance costs for all years were $131.7 million, which was 75 percent of the Public Assistance total.

Hospital costs account for a sizeable fraction of the costs in this category. A number of county hospitals established and were reimbursed for costs in excess of $1 million each.

As Exhibit 4-8 illustrates, costs for Medical Assistance vary widely from State to State. California had reported $101 million, or 77 percent of the total in this category. Texas showed $17 million, Florida nearly $5 million, and Colorado and Washington around $2 million each. Twenty-five States had not reported any Medical Assistance costs by August 1990.

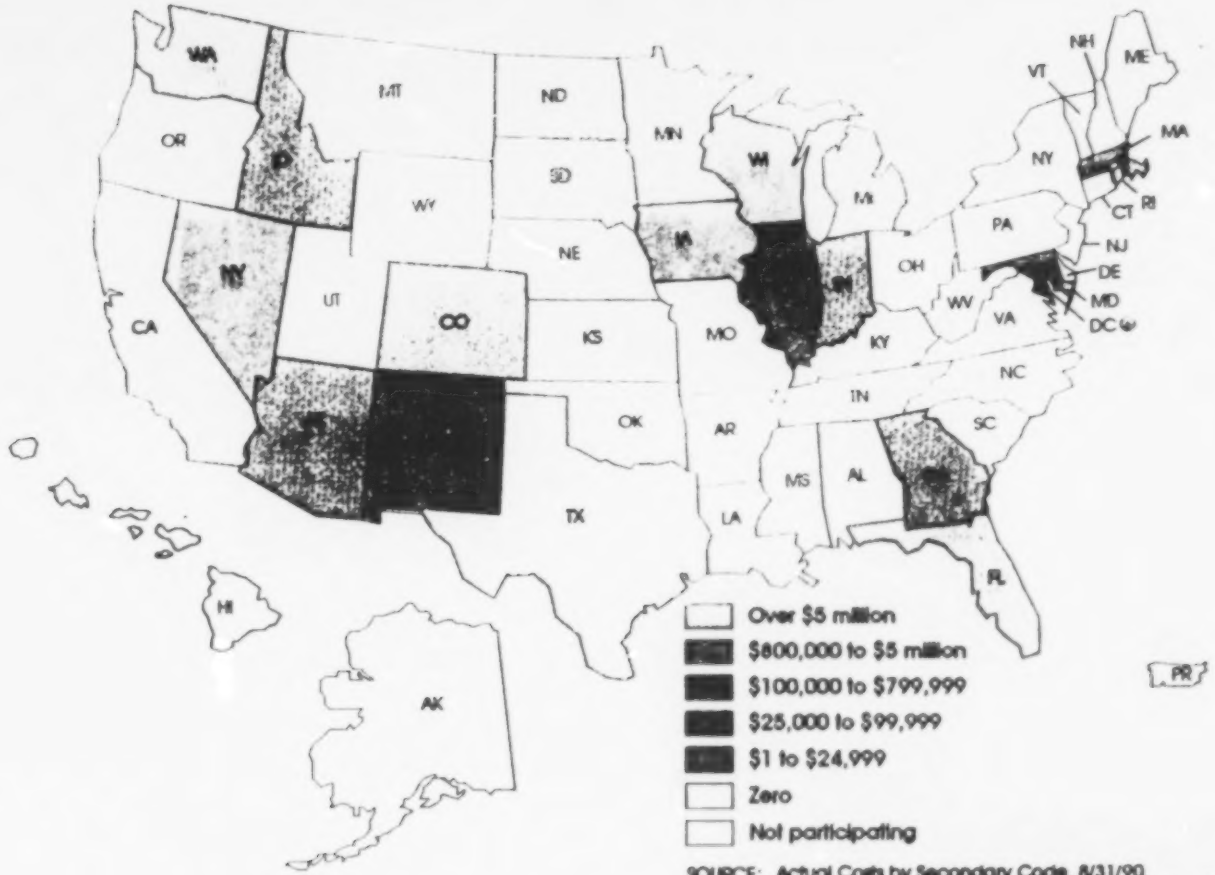
Mental Health and Alcohol and Substance Abuse Programs

This category covers community mental health programs, campus mental health programs, institutional services, alcohol and substance abuse, and mental health agency program costs. Costs were reported for 23 programs for either FY 1988 or FY 1989, for a total of $8.2 million.

Generally, ELAs appear to utilize mental health programs less frequently than the general population. In the CASAS survey, 76 percent of ELAs indicated that they have a support network of family or friends to help with mental health problems. The Maryland survey found that ELAs consistently ranked above the mean for "Happiness" and below the mean for "Depression."

California conducted a survey to determine the users of its mental health programs. The services provided in these programs included twenty-four hour care in a hospital or psychiatric health facility, skilled nursing or residential care, day treatment, socialization services and medical supervision. Of 388 mental health program users contacted in Los Angeles County, 15 provided documentation confirming their status as ELAs. An additional 6 persons claimed to be ELAs, but refused to provide

Exhibit 4-8
SLIAG MEDICAL ASSISTANCE COSTS THROUGH FY 1989 BY STATE



SOURCE: Actual Costs by Secondary Code, 8/31/90.
Amounts shown represent State and local costs of medical assistance programs other than Medicaid.

documentation.[7] These figures suggest that ELAs comprise between 3.9 and 5.4 percent of the survey population, whereas ELAs represent 9.6 percent of the general county population.

General Assistance Programs

General assistance programs include cash assistance, State payments associated with Aid to Families with Dependent Children (AFDC), aid to the blind and disabled, and energy relief. Costs were reported for 43 programs for either FY 1988 or FY 1989.

The cost of general assistance services, $7.9 million, represented 5 percent of SLIAG Public Assistance costs and 2 percent of all SLIAG costs through FY 1989 as of the end of August 1990. Twenty-five participating States had reported no general assistance costs.

An alien who appeared likely to become a public charge would not have been granted legal status under IRCA, so the relatively low cost of general assistance services under SLIAG is not surprising. Data about ELAs from the CASAS survey in California confirm that ELAs are generally self-supporting. The survey found that well over 95 percent of both Pre-'82's and SAWs reported never having received public assistance; over 80 percent reported that their reason for not applying for government assistance was that they had no need for the assistance.

Special Needs Programs

Special needs programs include foster care and community and home care for elderly/disabled adults. Costs were reported for 11 programs for either FY 1988 or FY 1989. Foster care, which served ELA children in 5 States, accounted for the bulk of this amount, with $835,200 in Oregon and $226,355 in Washington topping the list.

As previously mentioned in the demographic profile, most ELAs are in the 15-44 age range, and few are elderly or disabled. ELA access rates for special needs programs are similar to the access rates for general assistance programs. These data and the small amount of SLIAG special needs program costs indicate that these programs are not in great demand by ELAs.

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[7] "Client Survey to Determine Eligible Legalized Alien Status for the Los Angeles County Department of Mental Health, Fiscal Year 1988-89." NSI Research Group, Playa del Rey, California, September 1989.

Housing Assistance

This program area includes emergency shelter and battered spouse housing (10 programs) and programs aimed at tenant assistance or at supporting ownership. Only California and the District of Columbia have included non-emergency programs in their applications. Costs were reported for 9 programs for either FY 1988 or FY 1989. $737,737 in costs have been reported as of August 1990.

The CASAS survey found that 4 percent of the ELA respondents were receiving housing assistance at the time of the survey. The survey also found that over 80 percent of ELAs lived with three or more people, and that 25 percent of ELAs lived with seven or more people. These data and the small amount of SLIAG Housing program costs indicate that ELAs meet their basic housing needs not through government assistance, but rather by sharing housing costs.

Food Assistance

This program includes emergency food assistance and the non-Federal cost of Food Stamps. (SLIAG reimburses only the State share of food stamp administrative costs.) Pre-'82 ELAs and RAWs are barred from participation in Food Stamps unless they are aged, blind or disabled; or Cuban/Haitian entrants. SAWs are eligible for Food Stamps.

Fourteen States included Food Stamp administrative costs in their applications. Through August 1990, eight of these States had reported $390,561 in costs through FY 1989. While costs went up substantially in the two States that show costs for both FY 1988 and FY 1989, data are not sufficient to indicate whether this is a general trend. State and local food-related programs in Florida and Massachusetts accounted for an additional $6,972 in FY 1988 and $38,154 in FY 1989.

4.4 PUBLIC HEALTH ASSISTANCE

IRCA authorizes States to use SLIAG funds to reimburse the cost of providing Public Health Assistance services to ELAs through on-going, generally available programs. Immunization, testing and treatment for dangerous contagious disease, and family planning are included. Services must be provided for the primary purpose of protecting the health of the general public. Screening and diagnostic services such as are typically offered by public health programs are allowable under this category, but not follow-up treatment of individuals except in the case of contagious disease. (The cost of treatment of individual medical needs is allowable as SLIAG Public Assistance.) Costs associated

with services that protect the public from general health hazards (such as water quality testing or food service inspections) and health system support activities (such as laboratory or vital statistics services) are also allowable.

The Public Health Assistance program area differs from Public Assistance and Education in that States may claim costs associated with applicants for status as well as costs of serving aliens who have received legal status. In addition, States are not required to document service to specific ELAs. The SLIAG program regulation permits them to claim costs by multiplying the cost of the approved program (net of fees and Federal payments) times the ratio of ELAs to all clients in the service population, based on demographic data and applicant and ELA counts provided by HHS. Requiring a service program in an area in which patient confidentiality is important to ask for individual identification, it was felt, might make a person hesitant to come forward for treatment even if he or she had an infectious disease. The population ratio method may understate, but will not overstate, the costs associated with ELAs.

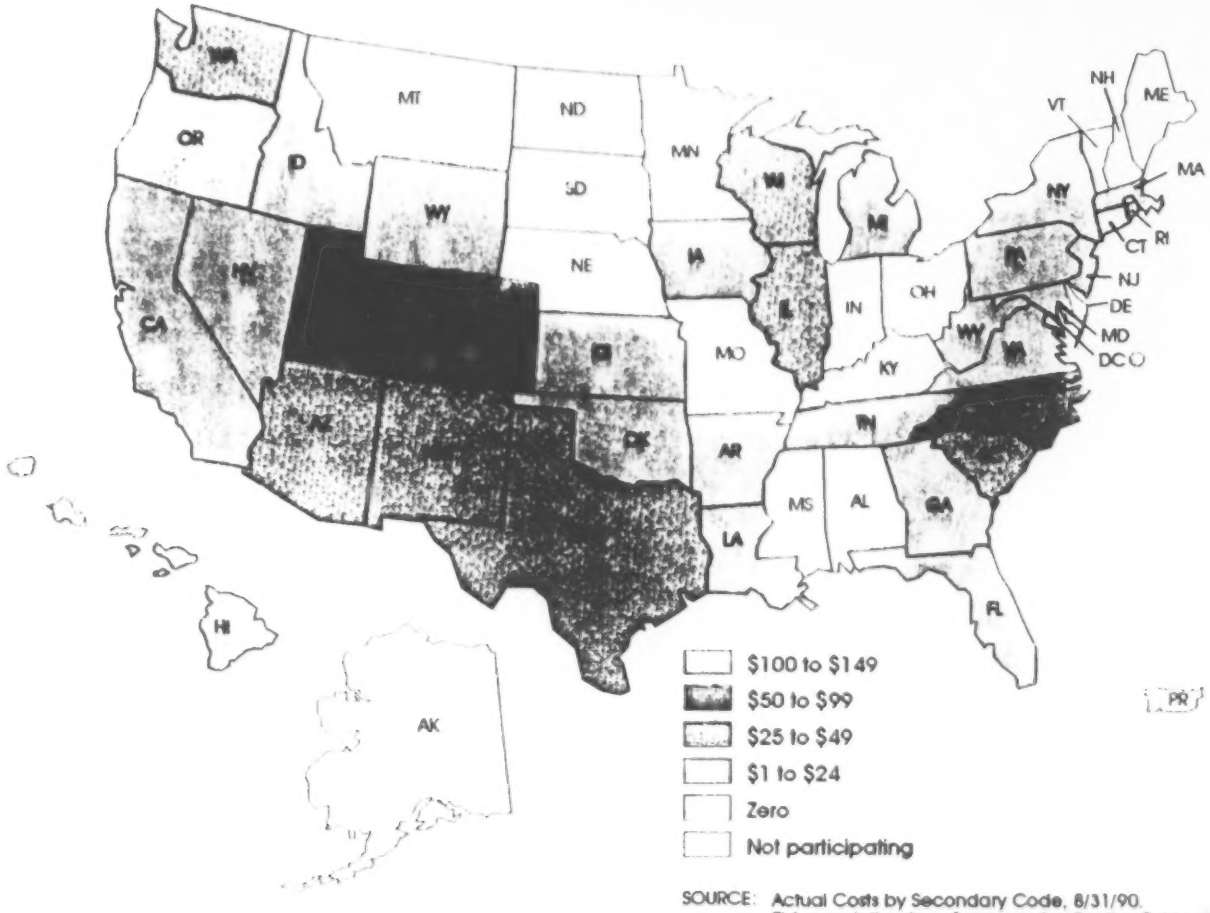
Most Public Health Assistance programs have based costs on the population ratio method. Since numbers of ELAs, the size of the service population, and the program cost for the year are known or predictable, Public Health Assistance estimates have tended to fluctuate less than those in other programs. Some States, particularly Washington and Utah, have elected to conduct actual counts of aliens served for some programs, typically because they expect that ELAs use the service at a rate higher than that of the general service population.

For FY 1987, only Public Health Assistance costs and SLIAG Administration costs were covered under SLIAG. Twenty-four States had claimed $5.3 million for FY 1987 SLIAG Public Health Assistance costs by August 1990. Through FY 1989, with New York and California still to report for that year, States had claimed $57.6 million, representing 13 percent of all SLIAG costs, for Public Health Assistance programs. Public Health Assistance is the only program area in which several small States have established costs.

The average cost per resident ELA for Public Health Assistance to date ranged from $0 to $115 (Exhibit 4-9), with $1 - $25 being the most common amount. Costs per ELA were highest in two States with small ELA populations, Hawaii and Rhode Island.

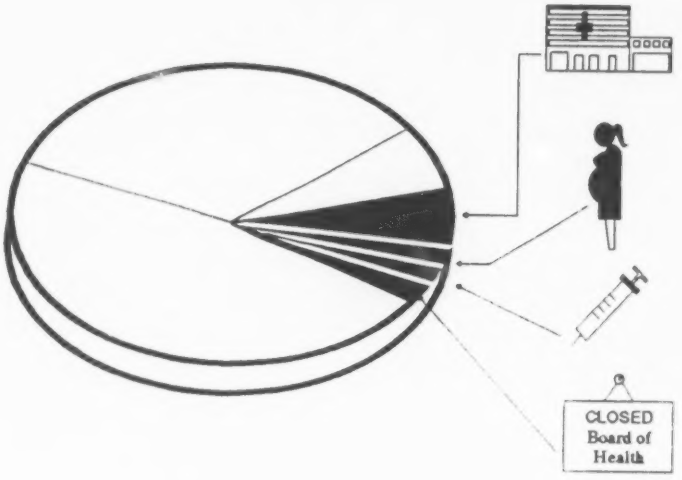
The distribution of Public Health Assistance costs by type of service is shown in Exhibit 4-10. Health screening and prevention programs accounted for about half of the costs reported for public health assistance. General health hazards, monitoring and prevention and public health system support costs constituted about 20 percent, and family planning/maternal health and contagious disease programs accounted for about 14 and

Exhibit 4-9
SLIAG PUBLIC HEALTH ASSISTANCE COSTS PER ELA BY STATE, THROUGH FY 1989



SOURCE: Actual Costs by Secondary Code, 8/31/90.
ELA population from Summary Application Table, 5/16/90.

Exhibit 4-10
COSTS BY TYPE OF PUBLIC HEALTH
(DOLLARS IN MILLIONS)



Screening and Prevention	$26.2
Prenatal, Family Planning	$7.1
Contagious Disease	$8.5
General Hazardous	$10.3

16 percent, respectively. The three categories that represent health services to individuals (screening and prevention, family planning/maternal health, and contagious diseases) accounted for 80 percent of the Public Health Assistance total.

There is little to suggest that costs associated with Public Health Assistance are new since IRCA, with the possible exception of the costs associated with contagious disease. States' expenditures to monitor general hazards are in no way affected by the legal status of segments of the population, nor are systems support activities. It is possible that the health screening required as part of the legalization application process, because it uncovered the presence of contagious diseases, led to increased use of public health treatment services during the first year or two of the SLIAG program.

Screening and Prevention

Screening and prevention programs include disease control/ epidemiology and community health services. For FY 1988, 31 States had claimed $16 million for screening and prevention service costs; for FY 1989, 30 States had claimed $10 million through August 1990. California ($13.7 million), Texas ($7.7 million), and Illinois ($1.6 million) accounted for 88 percent of the cumulative total. Costs had not yet been established by Florida or New York, or for one major California program in this service category. For States whose reports for both years are complete, costs generally had risen substantially between FY 1988 and FY 1989.

Family Planning and Prenatal Care

Family planning and prenatal care programs include family planning, early pregnancy identification, improved pregnancy programs, maternal health programs, and prenatal care. Of the $7.1 million in cumulative costs for this service category through August 1990, California accounted for $4.2 million and Texas for $1.2 million. Illinois, Utah, Washington and Oregon were the only other States with costs in excess of $200,000, with FY 1989 costs still to be reported from New York and Florida.

Data from States that conducted actual counts of clients in family planning and prenatal care programs indicate that the actual costs for prenatal care may be substantially greater than the costs derived from population ratios. Utah and Washington used population ratios to estimate prenatal costs on their applications, but switched to actual costs for their end-of-year reports. The State of Washington estimated $1,868 and $2,127 in costs for a prenatal care program based on population ratios in FY 1988 and FY 1989, respectively. The actual costs for the program were $181,250 in FY 1988 and $92,250 in FY 1989, according to actual count data in Washington's end-of-year reports.

The number of children born to ELA mothers, and thus the demand for prenatal care, may be higher than average. According to the Census Bureau the average family size in 1989 was 3.16 persons. A Survey of Newly Legalized Persons in California (CASAS survey) found that 33 percent of the Pre-'82 ELAs and 13 percent of the SAWs had 3 or more children. A Maryland study, Maryland Legalization Applicants: Program Utilization Analysis, reported that 38 percent of the ELAs studied had 2 or more children.

Contagious Disease

Contagious disease programs are designed to prevent the spread of and provide treatment for communicable diseases, such as tuberculosis, hepatitis, sexually transmitted diseases, and AIDS/HIV. Costs through August 1990 for these programs totaled $8.5 million. Florida and New York had not yet reported FY 1989 costs.

Colorado, Oregon, Massachusetts, and Washington used the actual costs methodology to report costs for the treatment of diseases. The reported costs for these States were considerably higher than would be expected based on the population ratio methodology.

As previously mentioned in the demographic profile, a majority of the ELA population is in the 15-44 age category. A majority of the ELAs included in the CASAS survey claimed to be in good health. The survey also found, however, that 18 percent of the Pre-'82 ELAs and 24 percent of the SAWs had never visited a physician and that a like number in each group had not visited a physician in more than three years. Moreover, 67 percent of the Pre-'82 ELAs and 81 percent of the SAWs reported that they did not have a regular physician. These data indicate that while the majority of ELAs are young and relatively healthy, their lack of regular preventive care in the past may mean that contagious diseases among this population had not been detected prior to legalization and are only now being treated.

General Hazards and System Support

General hazards and health system support programs include a wide variety of programs from the keeping of health records to medical facilities licensing and water quality testing. Programs in this category protect the health of the general population and are not specific to individuals. States incur virtually no additional costs attributable to ELAs, but are allowed to claim the ELAs' percentage of these general costs.

Costs through August 1990, totaled $10.3 million. All costs had been established through the population ratio method. New York and California claimed over $1 million each in FY 1988, but had not yet reported costs for FY 1989.

4.5 SLIAG ADMINISTRATION

SLIAG Administration costs -- the costs of administering the SLIAG award -- totaled $14.9 million through FY 1989, representing just under 3.4 percent of total SLIAG costs through August 1990.

Costs per resident ELA varied widely (Exhibit 4-11). Texas had the lowest cost, $2.36. Twenty-two States had costs under $10 per ELA; on the other hand, costs range as high as $117 (Iowa) and $131 (Rhode Island). New York had not yet reported any SLIAG administration costs.

Certain grants administration costs are fixed and do not vary with the size of the ELA population. For this reason, the cost of administration per ELA tends to be higher in States with small ELA populations.

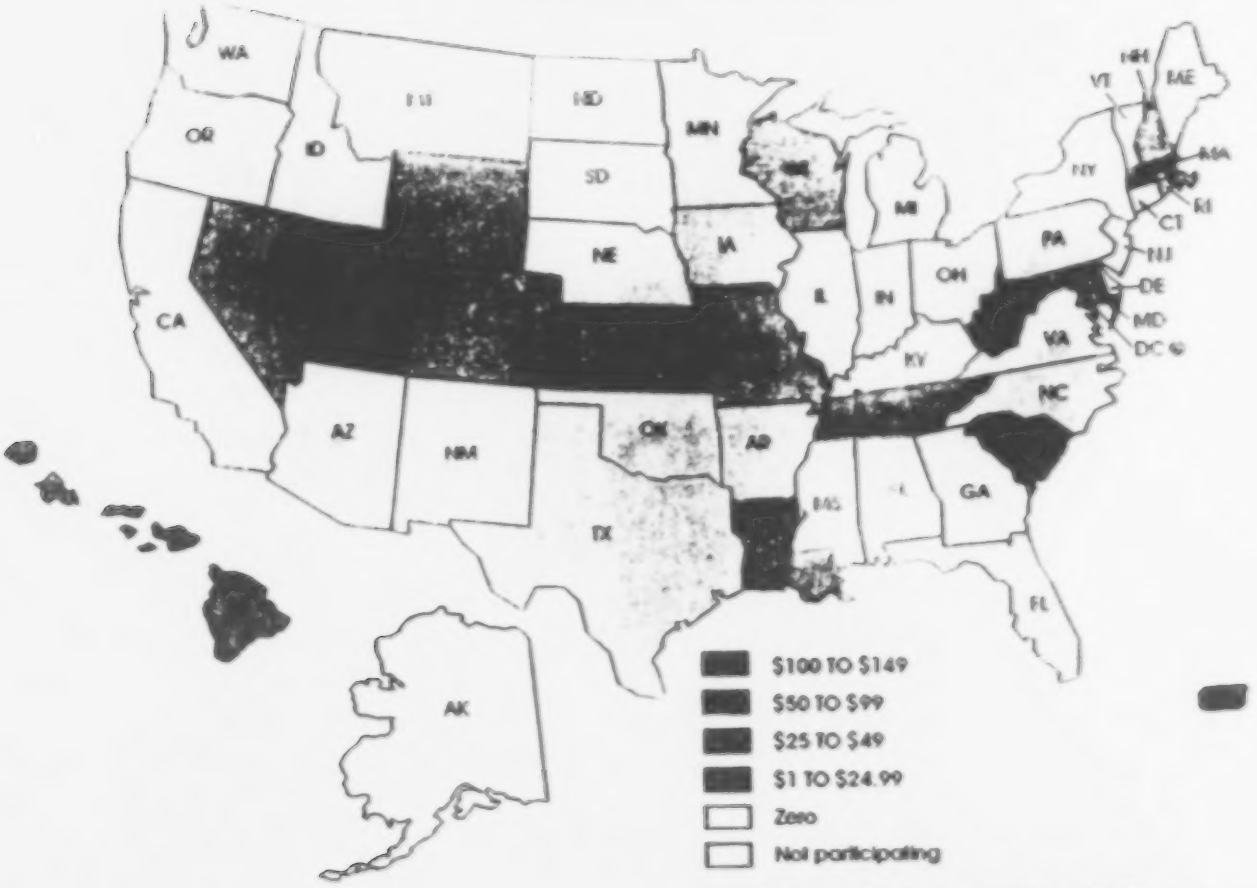
4.6 PHASE II OUTREACH AND EMPLOYMENT ANTIDISCRIMINATION OUTREACH

The Immigration Nursing Relief Act of 1989 (Public Law 101-238) authorized the use of SLIAG funds to support outreach and education services designed to inform ELAs in temporary resident status of the requirements to apply for permanent residency, and to notify them of health, employment and social services for which they are eligible, even though those particular activities may not be SLIAG-reimbursable (e.g. employment and social services). The Act also authorized the use of SLIAG funds to support outreach and education services informing employers and employees (not just ELA employees) of their rights and responsibilities under IRCA as regards discrimination in employment practices.

Under the terms of the Act, States were authorized to reimburse the costs of each activity, beginning in FY 1989, up to $100,000 or 1 percent of each fiscal year's grant, whichever is greater, again beginning in FY 89. For example, a State with a $3 million grant in FY 1989 could use $100,000 for Phase II outreach and $100,000 for antidiscrimination education and outreach. (One percent of $3 million is $30,000, so the $100,000 limit applies.) A State with a $50 million grant could use $500,000 for each.

The Act required States to consult with the Department of Justice, Office of Special Counsel for Immigration Related Unfair

Exhibit 4-11
SLIAG ADMINISTRATION COSTS PER ELA BY STATE, THROUGH FY 1989



SOURCE: Actual Costs by Secondary Code, 6/31/90.
ELA population from Summary Application Table, 5/16/90.

Employment Practices (OSC) before beginning any antidiscrimination activities which would be reimbursed with SLIAG funds. Since the Act was signed by the President in FY 90, this meant that there could be no SLIAG-related costs incurred by States in FY 89. HHS has received and approved applications for SLIAG-funded antidiscrimination education and outreach from 21 States. The Department coordinated with OSC in its review and approval of these programs.

The proposals include a variety of activities such as:

- Audio-visuals targeted to employers/employees
- Direct mailings to employers
- Hotlines for employers/employees
- Newly developed bilingual materials
- Employer/employee seminars and public forums
- Media campaigns using both radio and television.

Phase II outreach and education proposals have been approved for 23 States. These programs are established to inform ELA Temporary Residents of the requirements for adjustment to permanent residence status. Additionally, Phase II outreach is used to inform ELAs of the availability of governmental services. Because these programs were established in the summer of 1990 at the earliest, costs had not been established at the time of this report.

4.7 CONCLUDING OBSERVATIONS

Aliens legalized under IRCA constitute a working population of modest income levels, and the distribution of State and local costs reported to SLIAG through August 1990 reflects this clearly. Food, shelter, and cash assistance services represent only a minor proportion -- just over 2 percent -- of the $442.8 million in costs reported to date. There is every indication that ELAs in general are able to meet these subsistence needs through their own efforts, or with the help of family, friends, and charitable organizations.

Health services to individuals account for 46 percent of all SLIAG costs, when both Public Assistance and Public Health Assistance services of this type are considered. The total cost of individual health services to date is $204 million.

Education needs were high in FY 1988 and FY 1989, as many ELAs enrolled in classes in order to meet the requirements for permanent resident status. Education costs were second only to health-related costs during these years, and are expected to remain substantial through FY 1990.

The evidence indicates that, except in the area of adult education, SLIAG costs do not represent new service demands on State and local programs. SLIAG dollars provide States and localities with a temporary source of funds to cover costs they would have been incurring, regardless of IRCA.

FOR FURTHER INFORMATION, CONTACT:

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